



U.S.-China Relations: Policy Issues

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Summary

As China's economy has expanded to become the second largest in the world, and as China's geopolitical clout has grown commensurately, the United States has sought to broaden the U.S.-China relationship to encompass a wide range of global and regional issues. Among the global issues on which the Obama Administration has sought to work with China are the international financial crisis, climate change, and nuclear non-proliferation. In remarks in July 2009, President Obama declared that partnership between the United States and China was "a prerequisite for progress on many of the most pressing global challenges." Continuing major bilateral issues in the relationship include trade and investment concerns, human rights, and Taiwan.

Two years into the Obama Administration, U.S. officials point to some successes in their efforts to work with China on global issues, including coordination of stimulus spending to address the global financial crisis and cooperation in negotiating new sanctions against Iran and North Korea over their nuclear programs. U.S. officials continue, however, to urge China to shoulder more responsibility for addressing challenges that affect the broad international community. For their part, many Chinese elites view such calls with suspicion, fearing that the West is intent on making China take on responsibilities for which it is unprepared in order to slow China's rise. In the 112th Congress, interest is expected to remain strong in such issues as China's currency policy, cooperation on climate change, competition between the U.S. and Chinese militaries in Asia, U.S. and Chinese policy toward Taiwan, conditions in Tibet, and the fate of China's political prisoners.

The bilateral relationship was characterized by significant discord in 2010. China voiced unhappiness over U.S. arms sales to Taiwan; President Obama's meeting with Tibet's exiled spiritual leader, the Dalai Lama; U.S. joint military exercises with South Korea in the Yellow Sea; the U.S. declaration of a "national interest" in freedom of navigation in the South China Sea; and U.S. statements of support for Japan in a China-Japan spat involving a maritime collision near disputed islands in the East China Sea. The United States voiced frustration with China's currency policy; its reluctance to condemn North Korean provocations; its expansive claims to disputed territory in the South China Sea; its sharp escalation of pressure against Japan after the maritime collision in the East China Sea; and its ongoing suppression of dissent. With China's President and Communist Party General Secretary Hu Jintao scheduled to make a state visit to Washington, DC, on January 19, 2011, however, both countries ended the year seeking to re-focus on their common interests.

The first part of this report provides an overview of the U.S.-China relationship and Obama Administration policy toward China, with a detailed examination of the 2009 U.S.-China Joint Statement. It also provides an introduction to U.S.-China dialogues and U.S. assistance programs in China. This part of the report ends with a summary of aspects of Chinese foreign policy of relevance to the U.S.-China relationship. The second part of the report summarizes major policy issues in the relationship, beginning with economic issues, and continuing with climate change and clean energy cooperation, human rights, security issues, and Taiwan. The report includes two appendices, one listing congressionally mandated annual reports related to China, and the other listing China-related legislation introduced in the 111th Congress. Throughout, this report directs the reader to other CRS reports for more detailed information about individual topics. This report will be updated periodically.

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Overview of U.S.-China Relations

After 30 years of fast-paced economic growth, China, also known by its formal name, the People's Republic of China (PRC), has emerged as the world's second largest economy, and the United States-China relationship, once focused on a relatively narrow range of bilateral concerns, has expanded to encompass a broad range of global, regional, and bilateral issues. Washington seeks Beijing's cooperation in rebalancing the global economy and in resolving bilateral barriers to trade and investment. With the United States and China now the two largest emitters of greenhouse gases, Washington also seeks China's cooperation in reaching international agreement on steps to address climate change. Washington is looking to China, a fellow permanent member of the United Nations Security Council, to help block the nuclear ambitions of Iran and North Korea. It also urges China to help uphold peace and stability in the Asia-Pacific, including in the Taiwan Strait, the South China Sea, and the East China Sea. The United States seeks to engage China on the subject of Chinese overseas investments and foreign aid, which in some cases may be undermining U.S. foreign policy interests, as in Burma and Sudan. The United States also seeks to promote human rights and rule of law in China, including in the sometimes restive ethnic minority regions of Tibet and Xinjiang.

The U.S.-China relationship remains dogged, however, by long-standing mutual mistrust. That mistrust stems in part from the two countries' very different political systems. Many in the United States are uncomfortable with China's authoritarian system of government and see continued Communist Party rule in a post-Cold War world as an anachronism. Many Communist Party elites in China are suspicious that the United States seeks to constrain China's rise, and in the longer-term, to foist multi-party democracy on China and push the Communist Party from power.

The two countries' different economic models have led to mistrust, too. Some in the United States believe that China has achieved its economic successes by playing by a different, and not always fair, set of rules. Such critics point to China's alleged strong reliance on exports for growth and the PRC government's policy of keeping China's currency artificially weak, in part to make Chinese exports more attractive to importing nations. Other points of contention include the PRC government's direct and indirect subsidies and other forms of support for its state-owned corporations, and its inability or unwillingness to prevent violations of foreign intellectual property by Chinese entities. For their part, PRC officials have sometimes criticized the United States for its high levels of consumption, low savings rate, and long-term debt. Chinese officials have also criticized the United States' allegedly loose monetary policy.

Mistrust is particularly pronounced on security matters. The United States increasingly sees China's military modernization as aimed at constraining the U.S. military's freedom of movement in Asia and deterring any U.S. intervention in the case of a Chinese use of force against Taiwan.¹ In mirror image, China sees the United States as intent on thwarting its unification with Taiwan and constraining the activities of its own military throughout Asia. Although China stated in a 2009 U.S.-China Joint Statement that it "welcomes the United States as an Asia-Pacific nation

¹ In a December 2010 speech, Admiral Michael Mullen, Chairman of the Joint Chiefs of Staff, declared that, "some of the specific capabilities [that China is developing] are very clearly focused on and pointed at the United States of America. And they are anti-access capabilities. We're not going away [from Asia], so we're going to be there." Admiral Michael Mullen, Speech at the Center for American Progress, Washington, DC, December 1, 2010, <http://www.jcs.mil/speech.aspx?id=1500>.

that contributes to peace, stability and prosperity in the region” (see “The 2009 U.S.-China Joint Statement,” below), many in China chafe at the surveillance activities undertaken by the U.S. military along China’s coast and at U.S. military exercises in waters near China, and regard U.S. military alliances in Asia as aimed to a significant degree at China. With U.S. troops deployed in Afghanistan, which shares a short border with China to the west, and with U.S. military and intelligence agencies deeply engaged in Pakistan, also a neighbor to the west, some Chinese commentators speak of their country being “encircled” by U.S. forces.²

The bilateral relationship was strained in 2010 by long-standing issues of disagreement between the United States and China such as Taiwan and Tibet and China’s currency policy, as well as by each side’s responses to unexpected new crises in Asia. China condemned the Obama Administration’s January 2010 announcement of a long-planned sale of a package of arms to Taiwan. It also strongly protested President Obama’s February 2010 meeting with the Dalai Lama, although in hosting the meeting, the President was following in the footsteps of his predecessors in the White House.

Among the unexpected crises that undermined U.S.-China relations was a series of North Korean provocations, starting in March 2010 with North Korea’s apparent sinking of a South Korean naval vessel. China incurred U.S. criticism for its efforts to shield North Korea from the most serious diplomatic consequences for its actions, while the United States unsettled China when it responded to the North Korean actions by scheduling military exercises in the Yellow Sea that China charged were meant in part as a threat to China. In September 2010, the collision of a Chinese fishing trawler and Japanese Coast Guard vessels near disputed islands in the East China Sea set off a new crisis. The United States angered China by voicing its support for Japan in the ensuing China-Japan spat, and by clarifying that the U.S. military alliance with Japan covers the disputed islands. Also contributing to bilateral tensions in 2010 were China’s reassertion of expansive claims to territory in the South China Sea, and the United States’ subsequent July 2010 declaration of a “national interest” in freedom of navigation in the sea.

Obama Administration Policy

President Obama entered office with a goal of working with China to address a broad range of global issues, most prominently the global financial crisis, climate change, and nuclear non-proliferation, but also such issues as security in Afghanistan and Pakistan and the threat of pandemic disease. In remarks in July 2009, he argued that partnership between the United States and China was “a prerequisite for progress on many of the most pressing global challenges.”³

Some observers have raised concerns about where such issues as human rights and Taiwan fit into cooperation with China on this global agenda. En route to Beijing a month after President Obama’s inauguration, Secretary Clinton became a lightning rod for such concerns when she told a media roundtable that the United States would continue to press China on such issues as Taiwan

² A Chinese military commentator, Air Force Colonel Dai Xu, has referred to the United States carrying out a “C-shape encirclement” of China. See Ge Qian, “Sino-U.S. Relations Tense as South China Sea Issues Escalate,” *Southern Metropolis News (Guangzhou)*, July 27, 2010, p. AA16. Colonel Dai published a book in China entitled “C-Shape Encirclement” in 2010.

³ The White House Office of the Press Secretary, “Remarks by the President at the U.S./China Strategic and Economic Dialogue,” July 27, 2009, <http://www.whitehouse.gov/the-press-office/remarks-president-uschina-strategic-and-economic-dialogue>.

and Tibet and human rights, “but our pressing on those issues can’t interfere with the global economic crisis, the global climate change crisis, and the security crisis.”⁴ Some analysts argue that this statement reflects the relatively low profile of human rights in the Obama Administration’s relationship with China.

The Obama Administration has also sought to reassure China that it “welcomes a strong, prosperous and successful China that plays a greater role in world affairs,”⁵ At the same time, the United States has sought to shape the regional context for China’s rise by strengthening the United States’ traditional alliances in Asia and stepping up its engagement throughout the region in what Secretary Clinton calls “forward-deployed diplomacy.”⁶ Many analysts see the higher-profile U.S. presence in Asia as part of a U.S. attempt to hedge against a strong China that might be tempted to threaten its neighbors.

The United States has also sought to embed China in international institutions. It has worked with China on non-proliferation issues in the United Nations Security Council, for example, and welcomed a greater Chinese role in the International Monetary Fund (IMF) and the World Bank. It has also confronted China on trade disputes through the mechanisms of the World Trade Organization and on currency issues through the IMF. In an attempt to bring greater stability to the bilateral relationship, the Obama Administration has embraced and added to a broad array of official dialogues inherited from the George W. Bush Administration. It has also supported myriad forms of bilateral government-to-government cooperation that rarely make headlines, such as Department of Energy cooperation with China on clean energy projects, and launched a public-private initiative to send Americans to study in China, known as the 100,000 Strong Initiative.

The Obama Administration points to some successes in working with China to address pressing global issues, including coordination of stimulus spending to address the global financial crisis and cooperation in negotiating new sanctions against Iran and North Korea over their nuclear programs. Overall, however, Administration officials suggest that China has not yet emerged as the partner on global issues that the Obama Administration had hoped it would be. On climate change, for example, U.S. and Chinese approaches to global climate change negotiations have frequently been at odds, and the Obama Administration goal of a globally binding international agreement to curb greenhouse gas emissions remains elusive. On North Korea, the United States has been frustrated that China has not done more to condemn and help rein in the North Korean regime’s provocative behavior. In what some analysts saw as a message to China, Secretary of State Hillary Clinton warned in a September 2010 speech that when emerging powers, “do not accept the responsibility that accrues with expanding influence, we will do all that we can to encourage them to change course, while we will press ahead with other partners.”⁷ Two months later, on a trip to Asia, President Obama endorsed a permanent seat for China’s long-time rival,

⁴ Secretary of State Hillary Rodham Clinton, *Working Toward Change in Perceptions of U.S. Engagement Around the World*, Department of State, Roundtable with Traveling Press, February 20, 2010, <http://www.state.gov/secretary/rm/2009a/02/119430.htm>.

⁵ The White House Office of the Press Secretary, “U.S.-China Joint Statement,” November 17, 2009, <http://www.whitehouse.gov/the-press-office/us-china-joint-statement>.

⁶ Department of State, “[Secretary of State Hillary Rodham Clinton] Interview With Peter Hartcher of the Sydney Morning Herald,” November 8, 2010, <http://www.state.gov/secretary/rm/2010/11/150672.htm>.

⁷ Secretary of State Hillary Rodham Clinton, *Remarks on United States Foreign Policy*, Department of State, Address to Council on Foreign Relations, Washington, DC, September 8, 2010, <http://www.state.gov/secretary/rm/2010/09/146917.htm>.

India, on an expanded United Nations Security Council, and reaffirmed his support for such a seat for another rival, Japan.

The United States sometimes refers to China as a member of a group of “major and emerging global powers” that the United States hopes to persuade to shoulder greater global responsibilities. In June 2009, Secretary Clinton listed seven such powers, starting with China and followed, in order, by India, Russia, Brazil, Turkey, Indonesia, and South Africa.⁸ In September 2010, she referred to the same set of seven countries, plus Mexico, as “countries that are growing rapidly and already exercising influence,” with China again topping the list, followed, in order, by India, Turkey, Mexico, Brazil, Indonesia, South Africa, and Russia. In comments seen as directed particularly at China, she said that such countries need to understand that, “being a 21st century power means having to accept a share of the burden of solving common problems, and of abiding by a set of the rules of the road, so to speak, on everything from intellectual property rights to fundamental freedoms.”⁹

The 2009 U.S.-China Joint Statement

The United States and China both consider three joint communiqués concluded in the Nixon, Carter, and Reagan Administrations to provide the principles that underpin the relationship. All three contain significant language related to one of the most sensitive issues in the U.S.-China relationship, the handling of Taiwan, the self-governing island democracy of 23 million people over which China claims sovereignty. The United States considers the Taiwan Relations Act of 1979 (P.L. 96-8) to be a fourth core document, although China does not. (See “Taiwan,” below.) The two countries have also concluded two joint statements, one in 1997 during the Clinton Administration, and one in 2009.

The 2009 Joint Statement, issued during President Obama’s November 2009 state visit to China, laid down some significant new statements of principle. In the document, the U.S. side declared that the United States “welcomes a strong, prosperous and successful China that plays a greater role in world affairs,” while the Chinese side stated that China “welcomes the United States as an Asia-Pacific nation that contributes to peace, stability and prosperity in the region.” This was the first time China agreed to put in writing such a positive characterization of the U.S. presence in Asia, although the wording of the Chinese-language version of the statement was more conditional than the English. While the English text appeared to signal an acceptance that the United States presence contributes to peace, stability, and prosperity in the region, the Chinese text stated that China welcomes U.S. “efforts” for peace, stability, and prosperity in the region, leaving open the question of how China sees the U.S. presence as contributing to peace, stability, and prosperity currently.¹⁰

⁸ Secretary of State Hillary Rodham Clinton, “Foreign Policy Address at the Council on Foreign Relations,” Speech to Council on Foreign Relations, Washington, DC, June 15, 2009, <http://www.state.gov/secretary/rm/2009a/july/126071.htm>.

⁹ Secretary of State Hillary Rodham Clinton, *Remarks on United States Foreign Policy*, Department of State, Address to Council on Foreign Relations, Washington, DC, September 8, 2010, <http://www.state.gov/secretary/rm/2010/09/146917.htm>. In her September 2010 remarks, Secretary Clinton listed the countries in a new order: China, India, Turkey, Mexico, Brazil, Indonesia, South Africa, and Russia.

¹⁰ The Chinese text of the line in question reads, “The Chinese side states that it welcomes efforts by the United States, as an Asia-Pacific nation, for peace, stability, and prosperity in the region.” CRS translation of Xinhua News Agency, *Zhongmei lianhe shengming (China-U.S. Joint Statement)*, November 17, 2010, [http://news.xinhuanet.com/world/2009-\(continued...\)](http://news.xinhuanet.com/world/2009-(continued...))

The 2009 Joint Statement also included the controversial statement that, “respecting each other’s core interests is extremely important to ensure steady progress in U.S.-China relations.”¹¹ “Core interests” was left undefined. Critics have suggested that the language may have raised unrealistic expectations on the Chinese side of greater U.S. deference to China on issues that China considers part of its core interests, such as Taiwan, Tibet, and the maintenance of domestic stability through suppression of dissent.¹² The “core interests” language in the Joint Statement may also have encouraged China to experiment with referring to the South China Sea as a “core national interest” in some closed-door meetings with foreign officials in 2010. According to Secretary of State Hillary Clinton, those statements contributed to the U.S. decision to declare a “national interest” in freedom of navigation in the South China Sea at a meeting in Hanoi in July 2010.¹³

Finally, in the 2009 Joint Statement, the two sides stated that, “they are committed to building a positive, cooperative and comprehensive U.S. China relationship for the 21st Century.”¹⁴ While this statement may seem formulaic, officials in both governments are careful to include it in almost every official statement related to the relationship. Its repetition is considered to provide reassurance of each country’s commitment to the relationship. The “positive, cooperative, and comprehensive” formulation marked an evolution from President George W. Bush’s description of the relationship as “constructive, cooperative, and candid,”¹⁵ with “candid” upgraded to “positive” and “comprehensive” added to reflect the broad range of issues on which the two countries expected to work together. The Obama-Hu language was a departure from the language agreed to by President Bill Clinton and his counterpart, Chinese President Jiang Zemin, in a 1997 Joint Statement, in which they pledged, “to build toward a constructive strategic partnership.”¹⁶

U.S.-China Dialogues

The United States and China have sought to dispel strategic mistrust and address issues of common concern through frequent meetings of the two countries’ leaders and through dozens of regularly scheduled dialogues. Dialogue on strategic issues remains limited, however, with U.S. officials sometimes complaining that even at the height of the Cold War, the United States and the Soviet Union had closer consultation on strategic issues than the United States and China do now. On a visit to Beijing in January 2011, Secretary of Defense Robert M. Gates proposed a new

(...continued)

11/17/content_12475620_2.htm.

¹¹ The White House Office of the Press Secretary, “U.S.-China Joint Statement,” November 17, 2009, <http://www.whitehouse.gov/the-press-office/us-china-joint-statement>.

¹² Thomas J. Christensen, “The Need to Pursue Mutual Interests in U.S.-PRC Relations,” a United States Institute of Peace Special Report, forthcoming.

¹³ Greg Sheridan, “China actions meant as test, Hillary Clinton says,” *The Australian*, November 8, 2010.

¹⁴ The two presidents first agreed on this language during their first meeting in London in April 2009. It was later enshrined in the Joint Statement. White House Office of the Press Secretary, *Statement on Bilateral Meeting with President Hu of China*, April 1, 2009, <http://www.whitehouse.gov/the-press-office/statement-bilateral-meeting-with-president-hu-china>.

¹⁵ Steven Lee Myers, “Bush Praises China but Continues Rebuke During Embassy Dedication in Beijing,” *The New York Times*, August 7, 2008.

¹⁶ *Joint US-China Statement*, October 29, 1997, <http://www.nti.org/db/china/engdocs/uschst97.htm>.

strategic security dialogue with China covering nuclear, space, missile defense, and cyber security issues. Chinese officials said they would “study” the proposal.¹⁷

The U.S. and Chinese presidents have met for bilateral meetings on the sidelines of G-20 summits and other leaders’ summits. President Obama made a state visit to China in November 2009 and President Hu is scheduled to make a state visit to the United States in January 2011. In the first two years of the Obama Administration, the two presidents will have held eight bilateral meetings, or an average of one every three months.

Table 1. Bilateral Meetings Between President Barack Obama and Chinese President Hu Jintao

Date	Location	Venue
April 1, 2009	London, United Kingdom	Sidelines of G-20 Summit
September 22, 2009	New York	Sidelines of United Nations Summit on Climate Change
November 17, 2009 ^a	Beijing, China	President Obama’s state visit to China
April 12, 2010	Washington, DC	Sidelines of Nuclear Security Summit
June 26, 2010	Toronto, Canada	Sidelines of G-20 summit
November 11, 2010	Seoul, South Korea	Sidelines of G-20 summit
January 19, 2011 (scheduled)	Washington, DC	President Hu’s state visit to the United States

- a. The two presidents met twice on November 17, 2009, first in a bilateral meeting, and then in an expanded bilateral meeting. The U.S. government counts these as two separate bilateral meetings.

The relationship’s highest-level and highest-profile regularly scheduled dialogue is the annual Strategic and Economic Dialogue (S&ED), formed in 2009 by combining the Treasury Department’s Strategic Economic Dialogue and the State Department’s Senior Dialogue. The S&ED is headed on the U.S. side by the Secretary of State (strategic track) and the Secretary of the Treasury (economic track), and on the Chinese side by the State Councilor for foreign affairs (strategic track) and the Vice Premier for foreign trade (economic track). The S&ED includes high-level representation from multiple other agencies, and serves as an umbrella for numerous sub-dialogues. Supporters say the S&ED provides an invaluable opportunity for in-depth discussion of a broad range of immediate and long-term issues at a very high level. Some observers suggest, however, that the need to produce concrete outcomes to satisfy domestic audiences makes it harder for negotiators to have the kind of far-ranging conversations needed to dispel strategic mistrust.

The other dialogue of comparable seniority is the Joint Commission on Commerce and Trade (JCCT), established in 1983 as a high-level forum for discussion of bilateral trade issues. Like the S&ED, it is headed on the U.S. side by two cabinet-level officials, in the case of the JCCT, the Secretary of Commerce and the United States Trade Representative. Their Chinese-side counterpart is China’s Vice Premier for foreign trade. The JCCT currently includes ten working

¹⁷ Department of Defense, “Joint Press conference with Secretary Gates and General Liang from Beijing, China,” transcript, January 10, 2011, <http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4750>.

groups covering trade and investment issues, business development and industrial cooperation, and commercial law, with a side dialogue on export controls.¹⁸

U.S. Assistance Programs in China

Congress has mandated and provided foreign operations appropriations for democracy-related programs in China since 2000. The majority of the funding for Department of State and U.S. Agency for International Development (USAID)-administered activities in China supports rule of law, civil society, and Tibetan development and environmental programs, and is provided to U.S.-based non-governmental organizations. Between 2001 and 2010, the United States government authorized nearly \$275 million for foreign operations activities in China, of which \$229 million was devoted to rule of law and civil society programs and to Tibetan communities. In FY2010, out of \$47 million in foreign operations appropriations for China, \$36.4 million was allocated for democracy-related and Tibet programs, \$7 million for HIV/AIDS programs, and the remainder for Peace Corps activities in China and a criminal justice program. Some experts argue that foreign-funded rule of law and civil society efforts in China have produced limited gains due to PRC political constraints. Others contend that such programs have helped to build social foundations for political change and have bolstered reform-minded officials in the PRC government. The United States also sponsors assistance programs in China through other agencies, such as those related to the safe handling of nuclear materials (Department of Energy) and public health (Department of Health and Human Services).

For more information, see CRS Report RS22663, *U.S.-Funded Assistance Programs in China*, by Thomas Lum.

China's Foreign Policy

China has repeatedly committed itself to “the path of peaceful development.” An authoritative December 2010 article by China’s top-ranking diplomat, Dai Bingguo, defined this as “the pursuit of harmony and development at home as well as the pursuit of peace and cooperation in our external relations.”¹⁹ China says its central focus remains its domestic economic development, for which it needs a peaceful and stable external environment. In addition, Chinese officials say that precepts laid down after the collapse of the Soviet Union by the architect of China’s policy of reform and opening, Deng Xiaoping, continue to guide foreign relations. Deng decreed that China should keep a low profile in international affairs, never become a hegemonic power, never be a leader, always stand with the developing world, and think twice before criticizing or condemning others or getting involved in others’ affairs. The approach is often summarized with the phrase, “Hide one’s capabilities and bide one’s time, and endeavor to achieve something.”²⁰

¹⁸ See JCCT factsheet at <http://www.export.gov/china/policyadd/jcct.asp?dName=policyadd>.

¹⁹ Dai Bingguo, “Persisting with Taking the Path of Peaceful Development,” Review Volume on “Chinese Communist Party Central Committee’s Suggestions on Setting the Twelfth Five Year Plan for the National Economy and Social Development,” December 6, 2010, as translated by the Open Source Center. For the Chinese-language text see http://www.gov.cn/ldhd/2010-12/06/content_1760381.htm.

²⁰ The literal translation of the Chinese phrase, “*tao guang yang hui you suo zuo wei*,” is “hide brightness and nourish obscurity to have some accomplishments.” For a full discussion, see Xiao Feng, “How to understand Comrade Xiaoping’s ‘Hide Brightness and Nourish Obscurity, Have Some Accomplishments’ Thought,” *Beijing Daily*, April 6, (continued...)

At the same time, however, China's government has stated that it sees itself as having "core interests" on which it will not compromise, although it has sent ambiguous signals about how it interprets those "core interests." U.S. officials were surprised, for example, when some Chinese officials suggested in closed-door meetings in 2010 that China's sovereignty claims in the South China Sea had risen to the level of a "core interest" issue, along with such traditionally understood "core interest" issues for China as China's claim to sovereignty over Taiwan and its control over Tibet. Warning that, "the violation and destruction of these interests will not be tolerated," in the December 2010 article,²¹ China's top ranked diplomat presented China's "core interests," as:

- "The leadership of the Chinese Communist Party, the socialist system, and the path of socialism with Chinese characteristics";
- "The sovereignty and security, territorial integrity, and national unity of China"; and
- "The sustained development of the economy and society of China."

In broad terms, analysts believe China sees the first of these "core interests," the imperative to uphold the leadership of the Communist Party, as justifying its suppression of domestic dissent. China has long used the language of the second "core interest," involving sovereignty, territorial integrity, and national unity, in asserting its claim to Taiwan and its opposition to international "interference" in affairs in the ethnic minority border regions of Tibet and Xinjiang. It also claims "indisputable sovereignty" over disputed islands in the South China Sea and the East China Sea and their surrounding waters, but it generally does not use the language of national unity in reference to them. The third "core interest," guaranteeing sustained economic development, is seen by some analysts as driving China's engagement with such energy- and mineral-rich nations as Iran, Sudan, Burma, and Venezuela, although such engagement has at times undermined relations with other parts of the world vital to China's continued economic development, including the United States and the European Union.

As China's geopolitical clout has grown, China has faced increasing calls from the United States and others to shoulder more responsibility for addressing global issues. That call has been met with suspicion by many Chinese elites, who fear it is a Western-concocted ruse to constrain China's rise. The fear, as described by one Chinese commentator, is that the West seeks to "trap China," pull it into the West's orbit, and force it to take on global challenges that are beyond its abilities.²² Chinese officials assert that China has taken on greater responsibilities than in the past, pointing to China's role in responding to the global financial crisis, its active participation in diplomacy to try to prevent the emergence of North Korea and Iran as nuclear states, its participation in anti-piracy missions in the Gulf of Aden, and its increased participation in United Nations peacekeeping operations. Many participants in the foreign policy debate in China counsel

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²¹ Dai Bingguo, "Persisting with Taking the Path of Peaceful Development," Review Volume on "Chinese Communist Party Central Committee's Suggestions on Setting the Twelfth Five Year Plan for the National Economy and Social Development," December 6, 2010, as translated by the Open Source Center. For the Chinese-language text see http://www.gov.cn/ldhd/2010-12/06/content_1760381.htm.

²² Liu Baolai, "The opportunities facing China now are greater than the challenges" ("Dangqian zhongguo mianlin de jiyu da yu tiaozhan"), *China Economic Times (Zhongguo Jingji Shibao)*, December 15, 2009.

caution in taking on further responsibilities, however, emphasizing that China remains a developing country with pressing domestic challenges that must take precedence.

China’s “Soft Power” in the Developing World

As part of a drive to gain political and cultural influence and to secure energy and mineral supplies and markets, in the past decade, China has reached out to the developing world, including Africa, Central America, Latin America, Southeast Asia, and the Pacific, through high-level official visits and exchanges; economic assistance, loans, and investments; participation in regional organizations; and Chinese-language and educational programs. Competition with Taiwan for diplomatic recognition also has spurred PRC engagement in some regions. According to some analysts, China’s political and economic engagement, or global “soft power,” has risen, in part due to a diplomatic void left by the United States under the George W. Bush Administration as Washington focused on fighting terrorism. China’s relative economic strength during the 2008-2009 global recession further enhanced its international stature. However, other observers argue that China’s global strategic influence remains limited and its ideological and cultural appeal lacks depth. Some countries, particularly in Asia, have begun to welcome the United States as an economic and strategic counterweight to the PRC amid growing concerns about Beijing’s intentions and increasing assertiveness.

According to many foreign policy experts, China’s foreign economic assistance and investments have complicated U.S. and other Western efforts to curb human rights abuses and promote democracy in places such as Angola and Sudan in Africa, Burma and Cambodia in Southeast Asia, and Fiji in the Southwest Pacific. The United States government has taken preliminary steps to discuss and coordinate development assistance and projects with China, in order to promote “donor best practices” and convergence between Chinese foreign assistance practices and those of major bilateral and multilateral aid donors. Under the Obama Administration, some dialogues have taken place between staff and senior-level officials of the U.S. Agency for International Development (USAID) and the PRC Ministry of Commerce’s Department of Aid to Foreign Countries. At the second U.S.-China Strategic and Economic Dialogue (S&ED), held in May 2010, the two governments reportedly held a meeting on development issues and agreed to engage in further dialogue in the future.²³

For more information, see CRS Report RL34620, *Comparing Global Influence: China’s and U.S. Diplomacy, Foreign Aid, Trade, and Investment in the Developing World*, coordinated by Thomas Lum, and CRS Report R40940, *China’s Assistance and Government-Sponsored Investment Activities in Africa, Latin America, and Southeast Asia*, by Thomas Lum.

Selected Policy Issues

Economic Issues

The U.S. and Chinese economies are the first and second largest in the world on both a nominal dollar basis and a purchasing power parity basis, and are heavily interdependent. China is the

²³ Jonathan Stromseth, “Searching for Global Cooperation in Sino-U.S. Relations: The Case of Foreign Aid,” *In Asia*, The Asia Foundation, June 9, 2010.

United States' second largest trading partner, largest supplier of imports (imports from China make up 19% of all U.S. imports), third largest export market (exports to China account for 6.6% of all U.S. exports), and second largest export market for agricultural products. China is also the largest foreign holder of U.S. Treasuries and, according to U.S. data, the destination for a cumulative \$45.7 billion in U.S. foreign direct investment (compared to China's more modest cumulative \$1.2 billion foreign direct investment in the United States).²⁴

Because of the size of the two economies, the bilateral economic relationship and the economic decisions of both countries have a profound impact on the global economy. Shortly after the onset of the global financial crisis, both countries announced large stimulus spending packages. China's, valued at \$586 billion (or 13% of annual GDP), combined with a major expansion of credit, helped its economy grow by 9.1% in 2009 and by a projected 10.5% in 2010.²⁵ Those growth rates, which far outstripped economic growth in every other major economy, are credited with helping lead the world out of recession.

The Obama Administration has sought to cooperate with China in addressing the global financial crisis and rebalancing the global economy, working primarily through the mechanism of the G-20 grouping of nations. It has also sought to work directly with China to resolve a host of issues related to bilateral trade and investment and it has challenged China on such issues through the World Trade Organization and the International Monetary Fund.

For more information, see CRS Report RL33536, *China-U.S. Trade Issues*, by Wayne M. Morrison; CRS Report RL33604, *Is China a Threat to the U.S. Economy?*, by Craig K. Elwell, Wayne M. Morrison, and Marc Labonte; and CRS Report RL33534, *China's Economic Conditions*, by Wayne M. Morrison.

Global Rebalancing

With the immediate financial crisis past, the focus of the G-20 leaders is now on the need for fundamental restructuring of the global economy, with the greatest onus for action on the United States and China. The United States runs the world's largest trade deficit in goods and services. China runs the world's largest surplus. Many economists say that such huge imbalances in global trade undermine the health of the global economy, and that the United States needs to save more and consume less, while China needs to reduce its dependence on exports and investment in infrastructure and consume more.

China has repeatedly pledged to boost domestic consumption. An October 2010 International Monetary Fund report indicated some preliminary success, with Chinese domestic demand growing close to 13% in 2009, leading to a significant reduction in China's current account surplus that year.²⁶ China has been critical of the United States for its failure to address its part of the rebalancing equation by significantly reducing its long-term debt.

²⁴ Office of the United States Trade Representative, *U.S.-China Trade Facts*, <http://www.ustr.gov/countries-regions/china>.

²⁵ International Monetary Fund, *World Economic Outlook: Recovery, Risk, and Rebalancing*, October 2010, p. 2, <http://www.imf.org/external/pubs/ft/weo/2010/02/pdf/text.pdf>.

²⁶ International Monetary Fund, *World Economic Outlook*, Washington, DC, October 2010, p. 4, <http://www.imf.org/external/pubs/ft/weo/2010/02/pdf/text.pdf>.

China's Currency Policy

The issue of China's management of its currency, the renminbi or RMB, dominated meetings between U.S. and Chinese officials for much of 2010. The Chinese government allowed the renminbi to appreciate by 21% in relation to the dollar between 2005 and 2008, but China has intervened in currency markets since then to keep the RMB exchange rate at a level that some economists believe is still significantly undervalued against world currencies.²⁷ An undervalued RMB makes China's exports to the world artificially cheap, and China's imports from the rest of the world, including the United States, artificially expensive for Chinese consumers. The Treasury Department argues that significant appreciation of China's currency could help stem outsourcing of U.S. jobs and make U.S. goods and services more competitive globally. Chinese officials deny that China's currency practices are a significant cause of the U.S. global trade imbalance and argue that in focusing on the currency issue, the United States is seeking to make China a scapegoat for problems in the global economy attributable to multiple nations, including the United States.

China's central bank, the People's Bank of China, announced plans in June 2010 to "enhance the RMB exchange rate flexibility,"²⁸ but at the G-20 summit in Seoul in November 2010, President Obama stated that the Chinese currency was still "undervalued." He urged China "in a gradual fashion to transition to a market-based system" for determining the value of its currency, so that "everybody benefits from trade rather than just some."²⁹ In the 111th Congress, the House approved (348-79) a bill, H.R. 2378 (the Currency Reform for Fair Trade Act) that would have allowed the Commerce Department to consider "fundamentally undervalued currencies" as illegal export subsidies, but the measure was not taken up by the Senate. Analysts note that if the Chinese currency does appreciate substantially, U.S. consumers will face higher prices for the wide array of goods currently imported from China, and U.S. factories will likely face higher costs for Chinese-made inputs.

For more information about China's currency policy, see CRS Report RS21625, *China's Currency: An Analysis of the Economic Issues*, by Wayne M. Morrison and Marc Labonte, and CRS Report RL32165, *China's Currency: Economic Issues and Options for U.S. Trade Policy*, by Wayne M. Morrison and Marc Labonte.

The Bilateral Trade Deficit

Trade between the United States and China has expanded dramatically in the years since China acceded to the World Trade Organization in December 2001. In 2009, bilateral trade in goods totaled \$366 billion, with U.S. imports from China totaling \$296 billion and U.S. exports to China totaling \$70 billion. The disparity in imports and exports produced a U.S. goods trade deficit with China of \$227 billion in 2009, according to U.S. data, accounting for 45.3% of the overall U.S. goods trade deficit. In trade in services, the United States runs a surplus with China,

²⁷ See, for example, C. Fred Bergsten, "We can fight fire with fire on the renminbi," *Financial Times*, October 3, 2010.

²⁸ People's Bank of China, *Further Reform the RMB Exchange Rate Regime and Enhance the RMB Exchange Rate Flexibility*, June 19, 2010, http://www.china-embassy.org/eng/zt/renmingbihuigai_eng/t710127.htm.

²⁹ The White House Office of the Press Secretary, *Press Conference by the President After G20 Meetings in Seoul, Korea*, November 12, 2010, <http://www.whitehouse.gov/the-press-office/2010/11/12/press-conference-president-after-g20-meetings-seoul-korea>.

with exports to China of \$16 billion in 2008 (the latest year for which numbers are available) and imports from China valued at \$10 billion.³⁰

Economists argue that the global trade balance is a more meaningful indicator of an economy's health than bilateral balances. Many American analysts nonetheless point to the United States' bilateral goods trade imbalance with China to highlight China's allegedly unfair trade practices and undervalued currency and their impact on the U.S. economy. Chinese officials, who cite different figures for the bilateral trade deficit than the United States, routinely seek to shift some of the blame for the trade deficit to the United States by criticizing U.S. controls on exports of advanced technology. They also argue that the sharp increase in exports to the United States reflects the shifting of production from other countries to China, and that many "made in China" products contain components from other countries.

For more information, see CRS Report RS22640, *What's the Difference?—Comparing U.S. and Chinese Trade Data*, by Michael F. Martin, and CRS Report R40167, *Globalized Supply Chains and U.S. Policy*, by Dick K. Nanto.

China's Holdings of U.S. Treasuries

The U.S. federal budget deficit has increased rapidly since 2008, financed by sales of Treasury securities. China has been the largest foreign holder of U.S. Treasury securities, and thus the largest foreign financer of the U.S. deficit, since September 2008, with its holdings standing at \$868.4 billion in August 2010. The combination of China's reliance on exports to the United States and its purchase of U.S. debt has given China a major stake in the health of the U.S. economy. China's holdings of U.S. Treasuries have also shifted the balance of financial power between Washington and Beijing, emboldening China to speak out with criticisms of the way the U.S. economy is managed, and some analysts believe, to expect greater deference from the United States on issues that China considers core interests.

For more information, see CRS Report RL34314, *China's Holdings of U.S. Securities: Implications for the U.S. Economy*, by Wayne M. Morrison and Marc Labonte.

China's Compliance with World Trade Organization Commitments

Since 2006, the U.S. government has repeatedly raised concerns about alleged backsliding in China's implementation of commitments it made as part of its 2001 accession to the World Trade Organization, most prominently the problem of "excessive, trade-distorting government intervention intended to promote or protect China's domestic industries and state-owned enterprises."³¹ China's inadequate protection of intellectual property rights has also been a major concern. The Obama Administration has filed four cases against China with the World Trade Organization, including three in 2010. Those four cases relate to China's import substitution subsidies in the wind energy sector, its anti-dumping and countervailing duties on grain-oriented electrical steel from the United States, its restrictions on foreign suppliers of electronic payment

³⁰ Office of the United States Trade Representative, U.S.-China Trade Facts, <http://www.ustr.gov/countries-regions/china>.

³¹ United States Trade Representative, *2010 Report to Congress on China's WTO Compliance*, December 2010, p. 2, http://www.ustr.gov/webfm_send/2460.

services, and its restraints on exports of raw materials used in the steel, aluminum, and chemical sectors. The Obama Administration reports, however, that it made progress on some long-standing trade issues with China at the December 2010 meeting of the U.S.-China Joint Commission on Commerce and Trade in Washington, DC.³²

For more information about China and the WTO, see CRS Report RS20139, *China and the World Trade Organization*, by Wayne M. Morrison.

China's "Indigenous Innovation" Policies

The U.S. business community has expressed strong concern about Chinese industrial policies apparently intended to limit market access for non-Chinese goods and services and promote domestic Chinese industries. They are considered part of China's drive to support "indigenous innovation." The policies include government procurement catalogues that favor domestic industries, patent rules that appear to allow Chinese companies to obtain patents for products that they did not invent, and a new anti-monopoly law that the PRC government has allegedly used to try to force technology transfers from foreign firms to Chinese firms.³³ At the December 2010 meeting of the U.S.-China Joint Commission on Commerce and Trade, the Obama Administration reports that the Chinese side made some concessions, agreeing, among other things, not to base government procurement decisions on where intellectual property is owned or developed, to accelerate China's accession to the WTO's Government Procurement Agreement, and to revise a major equipment catalogue and ensure that it does not discriminate against foreign suppliers.

China's Enforcement of Intellectual Property Rights (IPR)

The United States Trade Representative continues to place China on its Priority Watch List of countries that are the worst violators of intellectual property rights, a list that currently comprises 11 countries.³⁴ USTR's annual Special 301 report on IPR, issued in April 2010, stated that China's IPR enforcement regime "remains largely ineffective and non-deterrent" and reported that of all products seized at U.S. borders for infringement of intellectual property rights in 2009, 79% were from China.³⁵ At the December 2010 meeting of the U.S.-China Joint Commission on Commerce and Trade, China pledged to step up its efforts to ensure the use of legal software by government agencies and state-owned enterprises, to crack down on piracy of online academic journals, and to clarify the liabilities of market managers who rent space to counterfeiters.

³² For details of China's pledges at the December 2010 JCCT meeting, see Export.gov, "The U.S.-China Joint Commission on Commerce and Trade (JCCT) Outcomes on U.S. Requests," press release, December 15, 2010, http://www.export.gov/china/policyadd/JCCT_outcomes.asp, and United States Trade Representative, *2010 Report to Congress on China's WTO Compliance*, December 2010, pp. 3-4, http://www.ustr.gov/webfm_send/2460.

³³ For details of China's "indigenous innovation" policies and their alleged impact on U.S. business interests, see James McGregor, *China's Drive for 'Indigenous Innovation'—A Web of Industrial Policies*, US Chamber of Commerce, July 2010, http://www.uschamber.com/sites/default/files/reports/100728chinareport_0.pdf.

³⁴ The other countries on USTR's "Priority Watch List" are Algeria, Argentina, Canada, Chile, India, Indonesia, Pakistan, Russia, Thailand, and Venezuela.

³⁵ United States Trade Representative, "2010 Special 301 Report," April 30, 2010.

Safety of Chinese Products

In recent years, the U.S. Consumer Product Safety Commission (CPSC) and the Food and Drug Administration (FDA) have been flooded with complaints about dangerous and defective consumer products, pharmaceuticals, medical devices, and food items manufactured in China and the Hong Kong Special Administrative Region of China and exported to the United States. Priority areas for the CPSC include the persistent problem of lead in children's products from China and dangerous defects in Chinese-made drywall, toys, cigarette lighters, fireworks, electrical products, and all-terrain vehicles.³⁶ Among the FDA's priority areas is the problem of counterfeit and tainted pharmaceuticals originating in China. In 2007 and 2008, contaminated Heparin from China was linked to 149 deaths in the United States.³⁷

For more information on this issue, see CRS Report RS22713, *Health and Safety Concerns Over U.S. Imports of Chinese Products: An Overview*, by Wayne M. Morrison.

Climate Change and Clean Energy Cooperation

China relies heavily on coal to power its fast-growing economy and has been the world's largest emitter of the most common greenhouse gas, carbon dioxide, since 2006,³⁸ although on a per capita basis, China's carbon dioxide emissions are about one third those of the United States.³⁹ In 2008, China and the United States, the world's second largest emitter, together produced about 41% of the world's carbon dioxide emissions,⁴⁰ making both countries essential players in efforts to address climate change.

The Obama Administration hoped to make cooperation with China on the issue a pillar of a new relationship focused on global issues, but in practice, the two countries' different approaches to international climate change negotiations have produced frequent friction. Disagreements have centered on the relative responsibilities of developed and major developing nations for addressing climate change. China, along with many other developing countries, has long argued that developed nations bear the lion's share of the historical responsibility for climate change and continue to have far higher levels of emissions per capita, so they alone should be subject to legally binding commitments to reduce emissions, while developing nations' reductions should be voluntary.⁴¹ Chinese officials have described attempts to force developing countries to accept

³⁶ Inez Tenenbaum, Chairman of US Consumer Product Safety Commission, "Closing Statement," Remarks to the U.S.-China Consumer Product Safety Summit, Wuxi, China, October 26, 2009, <http://www.cpsc.gov/PR/tenenbaum102609.pdf>.

³⁷ Allan Coukell, Director, Pew Prescription Project, The Pew Charitable Trusts, "Protecting Consumers from Adulterated Drugs," written comments submitted to an FDA meeting, May 1, 2009, <http://www.fda.gov/downloads/NewsEvents/MeetingsConferencesWorkshops/UCM163646.pdf>.

³⁸ PBL Netherlands Environmental Assessment Agency, "China CO₂ emissions in perspective," press release, June 22, 2007, <http://www.pbl.nl/en/news/pressreleases/2007/20070622ChineseCO2emissionsinperspective.html>.

³⁹ J.G.J. Olivier and J.A.H.W. Peters, *No Growth in Global CO₂ Emissions in 2009*, Netherlands Environmental Assessment Agency, Bilthoven, The Netherlands, June 2010, p. 5, <http://www.rivm.nl/bibliotheek/rapporten/500212001.pdf>.

⁴⁰ International Energy Agency, *CO₂ Emissions from Fuel Combustion Highlights: 2010 Edition*, Paris, France, 2010, pp. 8-9, <http://www.iea.org/co2highlights/co2highlights.pdf>.

⁴¹ Scientists believe the United States is responsible for 29% of energy-related carbon dioxide emissions since 1850, while China is responsible for 8%. Joanna Lewis, "The State of U.S.-China Relations on Climate Change: Examining the Bilateral and Multilateral Relationship," *Woodrow Wilson International Center for Scholars China Environment* (continued...)

legally binding emissions targets as an attempt to restrict those countries' rights to develop.⁴² The U.S. Congress, however, has long indicated that it will not support legally binding commitments to reduce U.S. emissions without binding commitments from other major emitters, starting with the world's current leading emitter, China.⁴³ The Obama Administration has adopted the same position.

Negotiators representing the United States and China clashed at the Copenhagen Climate Change Conference in Denmark in December 2009, but eleventh hour negotiations between President Obama, China's Premier Wen Jiabao, and leaders from Brazil, India, and South Africa, helped produce a political accord that rescued the conference from complete failure. In the accord, which was not legally binding, China and other developing nations agreed to a form of "symmetry" in obligations for developed and developing nations, a major priority for the United States, by agreeing that both groups of nations should record climate change mitigation commitments in appendices to the accord on an equally voluntary basis. The United States pledged to reduce its emissions "in the range of" 17% below 2005 levels by 2020. China declined to pledge an absolute reduction target, but rather pledged to reduce its carbon intensity (the amount of carbon dioxide emitted per unit of GDP) by 40% to 45% below 2005 levels by 2020. In the final negotiation with President Obama, China also agreed to the principle that mitigation actions taken by developing nations should be subject to a form of verification, known as "international consultation and analysis" or ICA.⁴⁴

At the United Nations Climate Change Conference in Cancun, Mexico, in December 2010, the tone of interactions between U.S. and Chinese negotiators was reportedly more positive than in Copenhagen.⁴⁵ After a year of wrangling with U.S. negotiators over what "international consultation and analysis" of developing country actions should mean, China signed on to additional details of a transparency regime for developing countries that included many elements that the United States had sought. For its part, China left Cancun pleased that the United States and other developed countries agreed to a new Green Climate Fund to help developing countries, to a technology mechanism to support deployment of clean technologies around the world, and to strengthened requirements for reporting and review of U.S. actions.⁴⁶

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Series, no. 11 (2010/2011), p. 8.

⁴² China's chief climate change negotiator Xie Zhenhua charged in a January 2010 speech that, "Developed countries are using climate change issues to restrict the development of developing countries and maintain the North-South gap between the rich and the poor, with countries like China, Brazil, and India particularly targeted; they are very worried about China's pace of development." "Xie Zhenhua's Speech at Peking University, Guanghua College of Management, January, 2010," World Resources Institute *China FAQs*, <http://www.chinafaqs.org/library/xie-zhenhuas-speech-peking-university-guanghua-college-management-january-2010> (unofficial English translation). Original Chinese text available at <http://finance.sina.com.cn/hy/20100109/11137218805.shtml>.

⁴³ As early as 1997, the Byrd-Hagel Resolution (S.Res. 98) held that the United States should not enter into any international agreement requiring binding commitments to limit greenhouse gas emissions unless the agreement also subjects developing countries to specific binding commitments.

⁴⁴ For a detailed account of U.S. and Chinese positions at Copenhagen, see Joanna Lewis, "The State of U.S.-China Relations on Climate Change: Examining the Bilateral and Multilateral Relationship," *Woodrow Wilson International Center for Scholars China Environment Series*, no. 11 (2010/2011).

⁴⁵ Jennifer Morgan and Deborah Seligsohn, "What Cancun Means for China and the U.S.," World Resources Institute *China FAQs*, December 15, 2010, <http://www.chinafaqs.org/blog-posts/what-cancun-means-china-and-us>.

⁴⁶ Ibid.

On clean energy cooperation, the United States and China have signed multiple agreements on energy efficiency and clean energy technology development, and established numerous related dialogues and forums. During President Obama's November 2009 state visit to China, the United States and China announced a broad package of cooperative clean energy projects, including establishment of U.S.-China Clean Energy Research Centers and joint initiatives to develop energy efficient buildings, electric vehicle standards, and clean coal and large-scale carbon capture and storage technologies.⁴⁷ China has been eager to work with the United States in developing and deploying clean energy technologies as a matter of national competitiveness. As China's chief climate change negotiator explained in a January 2010 speech, "countries with low-carbon technologies or low-carbon industries will have a development advantage and more development space." He said some saw global competition in clean energy development "as significant as the space race in the Cold War."⁴⁸

China leads the world in its investment in low-carbon industries and has become a leader in the production of some green energy technologies, such as photovoltaic solar panels. Experts say, however, that the PRC continues to lag behind the United States in research and development, as well as in deployment of key technologies such as wind power and solar power. China's embrace of clean energy has sometimes stirred controversy. The United States has challenged China's support for its domestic wind turbine industry through the World Trade Organization, and China's ambitious plans to tap its hydropower resources have embroiled it in disputes with down-river neighbors in Southeast and South Asia.

For more information, see CRS Report RL32721, *Greenhouse Gas Emissions: Perspectives on the Top 20 Emitters and Developed Versus Developing Nations*, by Larry Parker and John Blodgett, and CRS Report R41287, *China and the United States—A Comparison of Green Energy Programs and Policies*, by Richard J. Campbell.

Human Rights Issues

China's human rights conditions are a principal U.S. interest. Some analysts contend that the U.S. policy of engagement with China has failed to produce meaningful political reform, and that without fundamental progress in this area, the bilateral relationship will remain unstable. Others argue that U.S. engagement has helped to accelerate economic and social change and build social and legal foundations for democracy and the advancement of human rights in the PRC.

Secretary of State Hillary Clinton described the Administration's human rights policy as one of "principled pragmatism." This policy is based upon the premise that tough but quiet diplomacy is both less disruptive to the overall relationship and more effective in producing change than public censure.⁴⁹ Many human rights activists have accused the Obama Administration of reducing the

⁴⁷ U.S. Department of Energy, "U.S.-China Clean Energy Announcements," press release, November 17, 2010, <http://www.energy.gov/news2009/8292.htm>.

⁴⁸ "Xie Zhenhua's Speech at Peking University, Guanghua College of Management, January, 2010," World Resources Institute *China FAQs*, <http://www.chinafaqs.org/library/xie-zhenhuas-speech-peking-university-guanghua-college-management-january-2010> (unofficial English translation.) Original Chinese text available at <http://finance.sina.com.cn/hy/20100109/11137218805.shtml>.

⁴⁹ Elise Labott, "Clinton Defends Stance on Human Rights," *CNN.com*, March 11, 2009; Charley Keyes, "U.S. is 'Pragmatic' with China, Russia," *CNN.com*, December 15, 2009.

prominence of human rights in U.S. policy toward China. Some policy observers have argued that this approach has resulted in a more aggressive rather than cooperative Chinese leadership.⁵⁰

Despite reducing the prominence of human rights as a condition for moving forward in other areas of the bilateral relationship or in the relationship overall, a trend that started under President George W. Bush, the Obama Administration has continued to press China on human rights issues, both privately and openly. U.S. concerns include prominent political prisoners, jailed U.S. citizens, Internet censorship, and developments in Tibet and Xinjiang. The U.S. government also has continued to support the development of the rule of law and civil society in the PRC. Members of the 111th Congress called upon the PRC leadership to release political prisoners, cease persecution of Falun Gong and “house churches,” and respect the rights of ethnic minorities; introduced various resolutions supporting human rights in China; and passed legislation upholding Tibetan rights, commemorating the 1989 democracy movement, and supporting human rights activists.

In May 2010, the United States and China held the fourteenth round of the bilateral human rights dialogue, which had resumed in 2008 after a six-year hiatus. No breakthroughs were reported in the discussions headed by Assistant Secretary of State Michael Posner and PRC Ministry of Foreign Affairs Department of International Organizations Director General Chen Xu. According to some critics, the separate dialogue runs the risk of further removing human rights from the core areas of the U.S.-China relationship. However, some Administration officials suggested that, given the deep disagreements on human rights and other contentious issues, the holding of the dialogue and the agreement to continue them, possibly on a regular and more frequent basis, represented a positive step. Topics included freedom of religion and expression, labor rights, the rule of law, political dissidents, and conditions in Tibet and Xinjiang. The two sides discussed the resumption of the legal experts dialogue. The Chinese delegation also visited the U.S. Supreme Court and were briefed on ways in which human rights issues are handled in the United States.⁵¹

Despite the lack of fundamental change, in the past decade, many PRC citizens have experienced marginal improvements in human rights protections while human rights activism in China has increased. The Internet has provided Chinese citizens with unprecedented amounts of information and opportunities to express opinions publicly and even criticize government officials. However, due to censorship and other restrictions and to the non-political nature of most Web activity in China, the Internet has proven to be less of a political factor than many observers had expected or hoped.

U.S. congressional committees and commissions have held hearings on the topics of global Internet freedom and the roles of U.S. Internet and technology companies in China’s censorship regime.⁵² While visiting Shanghai during his state visit to China in November 2009, President Barack Obama expressed support of unrestricted Internet access and disapproval of censorship.

⁵⁰ “It’s Time For The Obama Administration To Burst Beijing’s Bubble,” *Washington Post*, Thursday, February 4, 2010.

⁵¹ Foster Klug, “No Breakthroughs in U.S., China Human Rights Talks,” *Associated Press*, May 14, 2010; State Department Special Briefing with Michael Posner, Assistant Secretary for Democracy, Human Rights and Labor, May 14, 2010.

⁵² For the most recent hearing on the topic, see House Committee on Foreign Affairs, *The Google Predicament: Transforming U.S. Cyberspace Policy to Advance Democracy, Security, and Trade*, March 10, 2010. For further information, see CRS Report R41120, *U.S. Initiatives to Promote Global Internet Freedom: Issues, Policy, and Technology*, coordinated by Patricia Moloney Figliola.

On January 21, 2010, in a policy speech on Internet freedom, Secretary of State Hillary Clinton urged U.S. Internet companies to oppose censorship in their overseas operations and announced that the Global Internet Freedom Taskforce (GIFT) would be reinvigorated.

In 2010, the PRC government amended legislation to reduce arbitrary use of the “state secrets” law and to make it easier for citizens to obtain compensation due to state negligence or abuse of power. However, according to most observers, the state secrets law still can be used broadly against political dissidents and others. The changes also imposed stricter requirements on Internet service providers and telecommunications companies to monitor discourse and to report the transfer of state secrets to authorities.⁵⁴

In response to a surge in labor disputes and unrest, including strikes at several large, foreign-owned factories, in 2010, the PRC government approved substantial wage raises in many enterprises and cities. Some Chinese labor experts and official sources expressed support for higher wages, a greater advocacy role for China’s official union, the All China Federation of Trade Unions (ACFTU), and the process of collective bargaining.⁵⁵ However, Chinese workers are still not allowed to form independent unions, and the government remains vigilant against the development of a national labor movement. In May 2010, the U.S. Department of Labor and the ACFTU held meetings on the sidelines of the U.S.-China Strategic and Economic Dialogue. These discussions were billed as the start of an annual discussion on labor issues, including pensions, workplace safety, and labor dispute resolution.

The PRC leadership has instituted few real checks on its power and remains extremely sensitive to social instability, autonomous political activity, and potential challenges to its authority. In the past year, the government has cracked down upon human rights lawyers, social organizations, and Internet use. Major ongoing problems include the following: excessive use of violence by security forces and their proxies; unlawful detention; torture; arbitrary use of state security laws against political dissidents; coercive family planning policies; state control of information; and harassment and persecution of people involved in unsanctioned religious activities, including worship in unregistered Protestant “house churches” and Catholic churches that express loyalty to the Pope. Many Tibetans, ethnic Uighur (Uyghur) Muslims, and Falun Gong adherents have been singled out for especially harsh treatment. The Congressional-Executive Commission on China has documented 1,452 cases of political and religious prisoners known or believed to be under detention.⁵⁶

An American Detained in China

Xue Feng, a China-born, naturalized U.S. citizen, was arrested in Beijing in 2007 on charges related to his acquisition of a Chinese database on China’s oil industry while working for an American firm. In July 2010, after having been held incommunicado for a period and allegedly tortured, Xue was sentenced to eight years in prison for providing state secrets to foreigners. Xue claimed that he had believed the database to be commercially available. U.S. consular officials have had regular contact with Xue, although U.S. officials were denied access to Xue’s November 2010 appeal hearing, in violation of the 1980 U.S.-China Consular Convention.⁵³ U.S. Ambassador to China Jon Huntsman and President Barack Obama have raised the issue of Xue Feng with China’s leaders.

⁵³ Embassy of the United States, Beijing, “DCM’s Statement: Appeal Trial of Dr. Feng Xue,” press release, October 30, 2010, <http://beijing.usembassy-china.org.cn/113010dem.html>.

⁵⁴ “State Secrets Law Amended,” *Global Times*, April 30, 2010; Gillian Wong, “China Set to Tighten State-Secrets Law Forcing Internet Firms to Inform on Users,” *Washington Post*, April 28, 2010.

⁵⁵ Peng Pu, “Drive to Give Trade Unions Stronger Role,” *Global Times*, August 30, 2010.

⁵⁶ Congressional-Executive Commission on China Political Prisoner Database, *List of Political Prisoners Detained or Imprisoned as of October 10, 2010*, http://www.cecc.gov/pages/victims/20101010_PPD_AR10.pdf.

Prominent Political Dissidents

Chen Guangcheng, a lawyer who is blind, was jailed in 2006 after he attempted to seek redress for villagers subject to illegal, excessive, and harsh treatment related to China's one child policy. He was released from prison in September 2010 but remains under house arrest.

Zheng Enchong, a lawyer and housing rights activist, has faced harassment and been confined to his home by local security personnel since his release from prison in 2006.

Gao Zhisheng, a rights lawyer who defended Falun Gong practitioners and others, was detained and allegedly tortured in 2007. PRC authorities apprehended Gao in February 2009 and held him at various unknown locations for over a year. After being allowed to make some contact with family members and the press in April 2010, Gao disappeared again.

Hu Jia, who advocated on behalf of HIV/AIDS patients, other human rights activists, and environmental causes, was sentenced to three years and six months in prison in 2008 for "inciting subversion of state power."

Huang Qi, a human rights advocate, was sentenced to three years in prison in November 2009. A PRC court convicted Huang for "possessing state secrets" after posting online appeals and complaints from families whose children had been killed in school buildings during the Sichuan earthquake of May 2008.

Liu Xiaobo, a critic of the PRC government who was active in the 1989 democracy movement and helped to draft Charter '08, a document calling for democracy and disseminated online, was sentenced to 11 years in prison in December 2009. The Beijing court convicted Liu of "inciting subversion of state power." In October 2010, Liu won the Nobel Peace Prize.

Nobel Laureate Liu Xiaobo

In October 2010, the Nobel Committee awarded Liu Xiaobo, formerly a professor at Beijing Normal University and a long time political dissident, activist, and writer, the Nobel Peace Prize for his "long and non-violent struggle for fundamental human rights." He had spent three years in prison for his role in the 1989 democracy movement and three years in a labor camp (1996-1999) for openly questioning Communist Party rule. From 2003 to 2007, Liu served as President of the Independent Chinese PEN Center, which advocates freedom of speech and press, and experienced frequent harassment by local authorities. In December 2008, Liu helped draft "Charter '08" commemorating the 60th anniversary of the United Nations' adoption of the Universal Declaration of Human Rights.⁵⁷ The document, signed by 300 Chinese citizens and posted online, called for human rights and fundamental changes in China's political system. It eventually garnered roughly 10,000 additional signatures online. The PRC government shut down the Charter's website, reportedly harassed, interrogated, or denied career benefits to roughly 100 original signatories and arrested Liu. In December 2009, a Beijing court sentenced Liu to 11 years in prison on charges of "inciting subversion of state power."

Following the announcement of the Nobel Peace Prize, the official *China Daily* disparaged Liu for his "respect and praise for Western political, economic, and cultural systems." It also criticized the dissident for founding the Chinese PEN Center and for working as a paid staff member of *Democratic China* magazine, noting its U.S. ties.⁵⁸ The PRC government harassed, detained, interrogated, placed under house arrest, denied visas to, and confiscated the computer equipment of dozens of fellow Chinese dissidents, political activists, and family members. It barred members or representatives of Liu's family from traveling to Oslo to accept the prize, and

⁵⁷ "Charter '08" was inspired by "Charter 77," the Czechoslovakian democratic movement.

⁵⁸ "Who is Liu Xiaobo?" *China Daily*, October 28, 2010. Both the Chinese PEN Center and *Democratic China* had received funding from the National Endowment for Democracy, which receives U.S. government support.

blocked western news media in the days leading up to the awards ceremony.⁵⁹ The PRC government also cancelled some events or meetings involving Norwegian cultural performances and officials, and reportedly lobbied foreign governments, warning them not to send diplomats to the Nobel ceremony. The 111th Congress approved two resolutions, H.Con.Res. 151 and H.Res. 1717, in support of Liu (see **Appendix B**).

Tibet

Along with Taiwan and Xinjiang, Tibet is a particularly sensitive issue in U.S.-China relations. Although the Chinese Communist Party has controlled Tibet since 1951, it continues to face challenges to its authority there. The religious policies of the atheist Communist Party have engendered resentments among Tibetans, many of whom still venerate the leader of Tibetan Buddhism, the Dalai Lama, who fled into exile in India in 1959. The domination of the local economy by migrants from other parts of China has also been a source of grievance for Tibetans, as have China's alleged human rights abuses. The State Department's 2009 Human Rights Report for Tibet charged that China had carried out "extrajudicial killings, torture, arbitrary arrests, extrajudicial detention, and house arrest" in the region.⁶⁰ China's leaders, however, often blame the international community, and particularly the United States, for Tibet's restiveness, arguing that international support for the Dalai Lama has encouraged forces intent on "splitting" Tibet from China.

The U.S. government recognizes the Tibet Autonomous Region (TAR) and Tibetan areas in four Chinese provinces as part of China and has always done so. Congress, however, has at times referred to Tibet as "an occupied country" and to the Dalai Lama and his government-in-exile as "Tibet's true representatives."⁶¹ Reflecting continuing strong congressional support for the Dalai Lama, Congress in 2006 passed legislation (P.L. 109-287) to award him the Congressional Gold Medal, the nation's highest civilian honor, "in recognition of his many enduring and outstanding contributions to peace, non-violence, human rights, and religious understanding."

The Tibetan Policy Act of 2002 (P.L. 107-228) guides Executive Branch policy related to Tibet. It directs the Executive Branch to encourage the PRC to enter into dialogue with the Dalai Lama or his representatives "leading to a negotiated agreement on Tibet," and to work to end PRC government interference in the religious affairs of the Tibetan people. It requires the State Department to maintain a Special Coordinator for Tibetan Issues to promote dialogue between the PRC and the Dalai Lama or his representatives. (The incumbent coordinator is Under Secretary of State for Democracy and Global Affairs Maria Otero.) The act also states that it is the policy of the United States to support development projects in Tibet; directs the Secretary of State to "make best efforts" to establish a U.S. office in the Tibetan capital, Lhasa; and requires the President and

⁵⁹ Keith B. Richburg, "On Eve of Nobel Ceremony, China Cracks Down and Lashes Out," *Washington Post*, December 9, 2010.

⁶⁰ U.S. Department of State, *2009 Human Rights Report: China (includes Tibet, Hong Kong, and Macau)*, March 11, 2010, <http://www.state.gov/g/drl/rls/hrrpt/2009/eap/135989.htm#tibet>.

⁶¹ The Foreign Relations Authorization Act for FY1992-1993 (P.L. 102-138) included a Declaration of Congress entitled, "China's Illegal Control of Tibet." It stated that, "Tibet, including those areas incorporated into the Chinese provinces of Sichuan, Yunnan, Gansu, and Qinghai [sic], is an occupied country under the established principles of international law," and that, "Tibet's true representatives are the Dalai Lama and the Tibetan Government in exile." Similar language can be found in such legislation as P.L. 103-236 and S.Res. 271 (1992).

the Secretary of State to use meetings with the PRC government to request the release of Tibetan political prisoners.

Over strenuous objections from the PRC government, President Obama met with the Dalai Lama in the White House Map Room on February 18, 2010.⁶² The Obama Administration had postponed meeting with the Dalai Lama in the fall of 2009 in order to ease the way for a resumption of dialogue between the PRC government and representatives of the Dalai Lama. That dialogue, the ninth round of meetings between the two sides since 2002, took place in January 2010, with the Dalai Lama's representatives pledging respect for the authority of the Chinese central government, but continuing to push for genuine autonomy for the Tibetan people within China. Both sides indicated that the meetings produced no breakthroughs.

Also in January 2010, the PRC government convened a National Conference on Work in Tibet, the first such meeting since 2001 and the fifth since 1980. According to some analysts, the meeting appeared to acknowledge alienation caused by some government policies. Among its outcomes was a revised development plan for the region that included promises to extend health insurance, improve access to such public services as electricity and running water, improve the quality of rural schools, and step up efforts to protect Tibet's cultural heritage and the delicate ecology of the region. However, the conference did not signal any intention on the part of the PRC leadership to change tack on issues related to autonomy or religious freedom.⁶³

Xinjiang

Xinjiang, known officially as the Xinjiang Uighur Autonomous Region or XUAR, is home to 8.5 million Uighur Muslims, a Turkic ethnic group.⁶⁴ Once the predominant group in Xinjiang, they now constitute about 45% of the region's population as many Han (Chinese), the majority ethnic group in China, have migrated there, particularly to the capital, Urumqi. Uighurs and human rights groups have complained of Chinese policies such as restrictions on access to mosques, the training and role of imams, the celebration of Ramadan, contacts with foreigners, and participation in the hajj. Uighur children (under 18) are forbidden from entering mosques and government workers are not allowed to practice Islam. More recent Uighur grievances have included a perceived loss of ethnic and cultural identity, a lack of consultation by the government, and economic discrimination.

The Chinese government fears not only Uighur demands for greater religious and cultural freedom but also Uighurs' links to Central Asian countries and foreign Islamic organizations. The Chinese government claims that the East Turkestan Islamic Movement (ETIM), a Uighur organization that advocates the creation of an independent Uighur Islamic state, has been responsible for small-scale terrorist attacks in China and has ties to Al Qaeda. ETIM is on the United States' and United Nations' lists of terrorist organizations.

Due to perceived national security-related concerns, the Chinese government has imposed stern ethnic and religious policies on Uighurs in Xinjiang, often conflating Uighur activism with separatism. Following July 2009 demonstrations and inter-ethnic strife in Urumqi that left nearly

⁶² "Beijing Demands U-Turn on Obama's Dalai Lama Meet," *Agence France Presse*, February 12, 2010.

⁶³ For a compilation of English-language reports on the National Conference on Work in Tibet by China's official news agency, Xinhua, see http://news.xinhuanet.com/english/2010-01/23/content_12860083.htm.

⁶⁴ Estimates of China's Muslim population range from 20 million to 30 million people.

200 dead, about two-thirds of them Han, the Chinese government further restricted speech, assembly, information, communication with other parts of China and the world, and religious activities. The Xinjiang government has intensified the process of promoting Mandarin Chinese and continued the demolition of parts of the old city of Kashgar. The whereabouts of many Uighurs seized after the unrest remain unknown. Government initiatives to address grievances have focused primarily upon increasing investment, developing the economy, and raising incomes in the region, and secondarily upon preserving cultural items.

For more information about human rights in China, see CRS Report RL34729, *Human Rights in China: Trends and Policy Implications*, by Thomas Lum and Hannah Fischer. For more information on Chinese policy toward Xinjiang, see CRS Report RL33001, *U.S.-China Counterterrorism Cooperation: Issues for U.S. Policy*, by Shirley A. Kan.

Security Issues

Nuclear Non-Proliferation

Nuclear non-proliferation has been a major priority for the Obama Administration. It has sought to make cooperation on the issue a core component of the U.S.-China relationship, with a focus on reining in the nuclear programs of Iran and North Korea. China, a nuclear power, a fellow veto-wielding permanent member of the United Nations Security Council, and a party to the Nuclear Non-proliferation Treaty, has supported United Nations sanctions against both countries. In what the PRC government portrays as an indication of China's commitment to the issue, Chinese President Hu Jintao also traveled to Washington, DC, for the Nuclear Security Summit hosted by the U.S. President in April 2010, despite Chinese unhappiness with the United States at the time related to the President's January 2010 notification of U.S. arms sales to Taiwan and President Obama's February 2010 meeting with Tibet's exiled spiritual leader, the Dalai Lama.

Iran

Since 2006, China has been an important partner in U.S.- and European-led multilateral efforts to rein in Iran's suspected nuclear weapons program. China has participated in negotiations with Iran over the program as part of the P5+1 grouping of the permanent members of the United Nations Security Council plus Germany. It has also supported a series of United Nations (U.N.) resolutions imposing limited U.N. sanctions against Iran, although it has frequently urged the use of dialogue rather than sanctions to address the nuclear program. Influenced by its reliance on crude oil imports from Iran and its investments in the Iranian energy and other sectors, however, China, usually joined by Russia, has pushed for more narrowly targeted sanctions than the U.S. and European nations sought. In the case of U.N. Resolution 1929, passed in June 2010, for example, both China and Russia successfully insisted that new sanctions not target Iran's civilian economy or its population.

Since passage of U.N. Resolution 1929, the United States has sought to encourage China to follow the lead of the United States and European Union countries in imposing bilateral sanctions on Iran's energy and financial sector that exceed those mandated in U.N. Security Council resolutions. China has declined to impose its own bilateral sanctions and has criticized other countries for doing so. U.S. officials give China credit, however, for not moving to take over contracts given up by other countries, a behavior that the United States refers to as "backfilling."

The United States has implicated Chinese firms in sales to Iran of missile technology and controlled chemicals. The Central Intelligence Agency's latest report to Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions, covering 2009, concludes that assistance from entities in China, North Korea and Russia "has helped Iran move toward self-sufficiency in the production of ballistic missiles."⁶⁵

For more information, see CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman; CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*, by Kenneth Katzman; and CRS Report RL31555, *China and Proliferation of Weapons of Mass Destruction and Missiles: Policy Issues*, by Shirley A. Kan.

North Korea

China fought on North Korea's side in the Korean War and for decades after it officially described the two countries' relationship as being as close as "lips and teeth." Since the early 1990s, however, the relationship has been severely strained by North Korea's decision to develop nuclear weapons. China declared itself "resolutely opposed" to both North Korea's nuclear tests, in 2006 and 2009.⁶⁶ Chinese officials say they fear that a nuclear-armed North Korea could inspire South Korea, Japan, and even Taiwan to acquire nuclear weapons, making China's Asian neighborhood a dramatically more dangerous place.

China has been active in its diplomacy to try to persuade North Korea to give up its nuclear weapons program. In 2003, China helped to bring North Korea to the negotiating table through the Six-Party Talks mechanism, which China hosts.⁶⁷ In 2006, China supported U.N. Resolution 1718, condemning North Korea for its first nuclear test and imposing limited sanctions. In 2009, China supported U.N. Resolution 1874, condemning North Korea's second nuclear test and imposing expanded sanctions, although U.S. officials say China has taken a minimalist approach to enforcing those sanctions.⁶⁸

Despite its unhappiness about North Korea's nuclear program, China remains North Korea's largest supplier of fuel and food supplies,⁶⁹ as well as its most powerful diplomatic ally. China appears to believe that it is more likely to be able to moderate North Korean behavior through engagement than through isolation of the regime. It is also believed to fear the consequences of a

⁶⁵ Office of the Director of National Intelligence, *Unclassified Report to Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions, Covering 1 January to 31 December 2009*, March 2010, p. 4, http://www.dni.gov/reports/2009_721_Report.pdf.

⁶⁶ In 2006, after North Korea's first nuclear test, China's Foreign Ministry issued a statement saying, "North Korea ignored universal opposition of the international community and flagrantly conducted the nuclear test on Oct. 9. The Chinese government is resolutely opposed to it." In 2009, after North Korea's second nuclear test, China's Foreign Ministry issued a statement saying, "The DPRK ignored universal opposition of the international community and once more conducted the nuclear test. The Chinese government is resolutely opposed to it." "China resolutely opposes N. Korea's Nuclear Test," *Xinhua*, October 9, 2006, and "Chinese gov't 'resolutely opposes' DPRK's nuclear test," *Xinhua*, May 25, 2009.

⁶⁷ The participants in the Six-Party Talks are China, Japan, North Korea, Russia, South Korea, and the United States.

⁶⁸ See Mary Beth Nikitin, Emma Chanlett-Avery, and Mark Manyin, et al., *Implementation of U.N. Security Council Resolution 1874*, CRS memo released by Senate Foreign Relations Committee, Washington, DC, October 8, 2010, <http://lugar.senate.gov/issues/foreign/reports/NKoreaCRSReport.pdf>.

⁶⁹ According to a 2003 fact sheet on the website of China's Foreign Ministry, China has provided North Korea with aid in the form of grain, coke, food oil, and fertilizer since 1994. Ministry of Foreign Affairs of the PRC, "DPRK: Bilateral relations," fact sheet, October 23, 2003, <http://www.mfa.gov.cn/eng/wjb/zzjg/yzs/gjlb/2701/>.

collapse of the North Korean regime, which could include military hostilities, waves of North Korean refugees flooding into China's northeast provinces, and ultimately a reunified Korean peninsula allied with the United States. A succession process underway in North Korea has contributed to China's sense of the North Korean regime's fragility.

In 2010, to the dismay of U.S. officials, United States and PRC approaches to North Korea diverged in important ways. While the United States sought to isolate North Korea in response to a series of North Korean provocations, China stepped up its engagement, hosting two visits from North Korea's reclusive leader Kim Jong-il and sending a series of senior Communist Party officials to Pyongyang. China also sought to shield North Korea from major diplomatic repercussions for a series of its provocations, including the March 2010 sinking of a South Korean naval vessel, the *Cheonan*; the November 2010 revelation it had built a sophisticated uranium enrichment facility; and its November 2010 shelling of South Korea's Yellow Sea island of Yeonpyeong. U.S. officials tamped down their criticism of China's approach after energetic Chinese diplomacy appeared to pay dividends in the form of a January 2011 North Korean offer to enter into unconditional talks with South Korea.

China's treatment of North Korean refugees has been a particular concern for the Congress. China considers North Koreans who have fled their homeland to China to be economic migrants, rather than refugees. Its official policy is to repatriate them to North Korea, where they face prison camp sentences or worse. North Korean refugees continue to trickle out of China to neighboring countries in North and Southeast Asia, however, and a large number of North Korean refugees continue to live underground in China.

For more information, see CRS Report R41043, *China-North Korea Relations*, by Dick K. Nanto and Mark E. Manyin; CRS Report R40684, *North Korea's Second Nuclear Test: Implications of U.N. Security Council Resolution 1874*, coordinated by Mary Beth Nikitin and Mark E. Manyin; CRS Report RL31555, *China and Proliferation of Weapons of Mass Destruction and Missiles: Policy Issues*, by Shirley A. Kan; and CRS Report RS22973, *Congress and U.S. Policy on North Korean Human Rights and Refugees: Recent Legislation and Implementation*, by Emma Chanlett-Avery.

Chinese Military Modernization

China's military continues to modernize rapidly, supported by more than two decades of steady increases in military spending. According to the Pentagon's 2010 report to Congress on China's military, China's official military budget rose an average of 11.8% annually in inflation-adjusted terms over the decade from 2000 to 2009. The Pentagon believes China's actual military spending to be more than twice the amount officially disclosed, estimating China's total military-related spending in 2009 at over \$150 billion.⁷⁰

With modernization, analysts believe China's military is increasingly able to envision missions beyond China's immediate territorial interests. The Pentagon report welcomes the Chinese military's contributions to international peacekeeping efforts, humanitarian assistance and disaster relief, and counter-piracy operations, but raises concerns about China's new abilities to pursue "anti-access and area-denial strategies" in the Western Pacific and its development of extended-

⁷⁰ Office of the Secretary of Defense, *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2010*, August 2010, pp. 42-43, http://www.defense.gov/pubs/pdfs/2010_CMPR_Final.pdf.

range power projection capabilities. The Pentagon believes that China's short-term focus remains preparing for Taiwan-related contingencies, including the possibility that the United States military will come to Taiwan's aid if China tries to use force to bring Taiwan under its control. The Pentagon report states: "The PLA is developing the capability to deter Taiwan independence or influence Taiwan to settle the dispute on Beijing's terms while simultaneously attempting to deter, delay, or deny any possible U.S. support for the island in case of conflict." The report adds that, "the balance of cross-Strait military forces continues to shift in the mainland's favor."⁷¹

Analysts see China's efforts to develop a stealth fighter jet and a missile capable of hitting moving targets at sea as evidence of China's commitment to the acquisition of the most modern defense technology. China carried out the first test-flight for its J-20 stealth fighter during Defense Secretary Robert M. Gates' visit to China in January 2011. In addition, recognizing the likely centrality of cyber operations to any future military conflict, China has been bolstering the ability of its military to carry out computer network attacks and computer network defense.⁷²

The U.S. military has long been troubled by China's alleged lack of transparency about its military intentions. In testimony before Congress in March 2010, Admiral Robert F. Willard, head of the U.S. Pacific Command, stated that, "China's interest in a peaceful and stable environment that will support the country's developmental goals is difficult to reconcile with the evolving military capabilities that appear designed to challenge U.S. freedom of action in the region or exercise aggression or coercion of its neighbors, including U.S. treaty allies and partners."⁷³

For more information, see CRS Report RL33153, *China Naval Modernization: Implications for U.S. Navy Capabilities—Background and Issues for Congress*, by Ronald O'Rourke; and CRS Report RL30700, *China's Foreign Conventional Arms Acquisitions: Background and Analysis*, by Shirley A. Kan, Christopher Bolkcom, and Ronald O'Rourke.

U.S.-China Military-to-Military Relations

The military-to-military relationship remains among the least developed parts of the U.S.-China relationship. Congress sought to limit the scope of the military relationship in the National Defense Authorization Act for Fiscal Year 2000 (P.L. 106-65), when it barred exchanges or contacts with China that include "inappropriate exposure" to a range of subjects, including surveillance and reconnaissance operations and arms sales. But the Obama Administration has pushed hard for a Chinese commitment to a "reliable and sustained" military relationship that observes the law's restrictions, arguing that, "the on-again-off-again cycle that has all too often characterized the military-to-military relationship increases the risks and dangers of an incident or accident that could derail the overall bilateral relationship."⁷⁴

⁷¹ Ibid, p. I.

⁷² Ibid, p. 7 and p. 37.

⁷³ Admiral Robert F. Willard, "Statement on U.S. Pacific Command Posture," Testimony Before the Senate Armed Services Committee, March 24, 2010, p. 12, http://www.pacom.mil/web/pacom_resources/pdf/Willard_Statement_SASC_032610.pdf.

⁷⁴ Deputy Assistant Secretary of Defense for East Asia Michael Schiffer, "Building Cooperation in the U.S.-China Military-to-Military Relationship," Speech to the International Institute for Strategic Studies, Washington, DC, January 6, 2011, <http://www.iiss.org/about-us/offices/washington/iiss-us-events/iiss-us-address-building-cooperation-in-the-us-china-military-to-military-relationship/>.

China has been the more unwilling partner. Although President Obama and China's President Hu pledged in their 2009 Joint Statement to "take concrete steps to advance sustained and reliable military-to-military relations in the future," China continues to link the military relationship to the issue of U.S. arms sales to Taiwan. Having suspended military-to-military relations in October 2008 over the issue of Taiwan arms sales by the George W. Bush Administration, China again suspended the military-to-military relationship in January 2010, after the Obama Administration notified Congress of a new \$6.4 billion package of arms sales to Taiwan.

With President Hu's state visit to the United States pending, the two countries agreed in September 2010 to a resumption of military-to-military exchanges. They held the 11th round of the U.S.-China Defense Consultative Talks in December 2010 and Secretary of Defense Robert Gates made a long-delayed trip to China in January 2011. He and his Chinese counterpart agreed to a program of exchanges including high level visits, institutionalized exchange programs, and military education, and to cooperation in such non-traditional security areas as counterterrorism, peacekeeping, counter-piracy, humanitarian assistance, and disaster relief. They also agreed to establish a working group to develop "a new framework" for the military-to-military relationship. In a joint press conference with Secretary Gates, however, China's Minister of Defense Gen. Liang Guanglie suggested that any future Taiwan arms sales could again disrupt the relationship.⁷⁵

For more information, see CRS Report RL32496, *U.S.-China Military Contacts: Issues for Congress*, by Shirley A. Kan.

Maritime Disputes

U.S. Military Operations in China's Exclusive Economic Zone

The United States and China disagree about the legality of U.S. military ships and planes operating in and over waters near China. Although the United States is not a party to the United Nations Convention on the Law of the Sea (UNCLOS), it interprets UNCLOS as allowing it to conduct peaceful surveillance activities and other military activities without permission in a country's Exclusive Economic Zone (EEZ), defined by UNCLOS as extending from the edge of the territorial sea to 200 nautical miles from the coast. With that understanding, the United States military has long operated in China's EEZ, carrying out air and naval surveillance missions to monitor China's military deployments and capabilities, surveying the ocean floor to facilitate submarine navigation, and engaging in military exercises with allies such as South Korea and Japan.

China, which is a party to UNCLOS, is one of a minority of nations that interprets the Convention differently, arguing that UNCLOS allows countries to limit military activities in their EEZs. China's broad claims to disputed territory in the South China Sea and East China Sea mean that China considers its EEZ to cover large, though ill defined, portions of both waterways, as well as a significant, though also ill defined, portion of the Yellow Sea. In the first year of the Obama

⁷⁵ In response to a question at the joint press conference, Minister Liang stated that, "United States arms sales to Taiwan seriously damaged China's core interests and we do not want to see that happen again; neither do we hope that the U.S. arms sales to Taiwan will again and further disrupt our bilateral and military-to-military relationship." Department of Defense, "Joint Press conference with Secretary Gates and General Liang from Beijing, China," transcript, January 10, 2011, <http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4750>.

Administration, China's attempts to enforce its interpretation of UNCLOS resulted in several dangerous encounters between U.S. naval vessels and Chinese naval and fishing vessels and at least one Chinese maritime surveillance aircraft. In 2010, China reiterated its opposition to foreign military activities in its EEZ in response to the announcement of joint military exercises between the United States and South Korea in the Yellow Sea, following provocations by North Korea.⁷⁶

South China Sea

Chinese maps dating to before the Communist revolution appear to claim most of the South China Sea as Chinese territory. China explicitly claims sovereignty over four groups of islets and atolls and their undefined “adjacent waters,” which are rich in fishing resources and potentially in oil and gas deposits. Those islets and atolls are the Paracels (known in Chinese as the Xisha), the Spratlys (Nansha in Chinese), the entirely submerged Macclesfield Bank (Zhongsha in Chinese), and the largely submerged Pratas (Dongsha in Chinese). Territory claimed by China is also claimed in part by Brunei, Indonesia, Malaysia, the Philippines, and Vietnam, and in entirety by Taiwan.

In the case of disputed maritime territory, China's official policy is to set aside the issue of sovereignty and pursue joint development with other claimants. As its economic and military might has grown, however, China has appeared increasingly keen to assert its sovereignty in the South China Sea. Examples of new Chinese assertiveness include China's harassment of U.S. surveillance vessels (see “U.S. Military Operations in China's Exclusive Economic Zone,” above); China's dispatch of Fisheries Administration patrol vessels to “protect its sea territory”;⁷⁷ Chinese pressure on international energy companies ExxonMobil and BP not to work with Vietnam to explore for oil and gas in areas off Vietnam's coast that China considers part of its Exclusive Economic Zone; and China's suggestion in some closed-door meetings with senior U.S. officials in the spring of 2010 that China now considers the South China Sea a “core national interest.”

Responding to the trend, and to provocative behavior by other claimants, in July 2010, Secretary of State Hillary Clinton, speaking with the support of a dozen other Asia-Pacific nations, stated a U.S. “national interest” in freedom of navigation and respect for international law in the South China Sea. In comments widely interpreted as being aimed at China, she also stated that the United States opposes “the use or threat of force by any claimant,” and “is prepared to facilitate initiatives and confidence building measures” in the area, consistent with a 2002 agreement between China and the Association of Southeast Asian Nations (ASEAN), the ASEAN-China Declaration on the Conduct of Parties in the South China Sea.⁷⁸ China's Foreign Minister

⁷⁶ In July 2010, China's Foreign Minister Yang Jiechi told Secretary of State Hillary Clinton that China, “firmly opposes foreign warships and military aircraft entering the Yellow Sea and other coastal waters of China to engage in activities affecting China's security and interests.” See Ministry of Foreign Affairs of the PRC, “Yang Jiechi Meets with U.S. Secretary of State Clinton and Canadian Foreign Minister Cannon,” press release, July 23, 2010, <http://www.china-embassy.org/eng/zmgx/t719784.htm>. In November 2010, a Foreign Ministry spokesman declared that, “We oppose any party to take any military acts in our exclusive economic zone without permission.” See “China opposes any military acts in exclusive economic zone without permission,” *Xinhua*, November 26, 2010.

⁷⁷ Zhang Xin, “China charts course toward secure South China Sea,” *The China Daily*, June 1, 2009.

⁷⁸ Remarks at Press Availability, Hillary Rodham Clinton, Secretary of State, National Convention Center, Hanoi, Vietnam, July 23, 2010, <http://www.state.gov/secretary/rm/2010/07/145095.htm>. The text of the Declaration on the Conduct of Parties In the South China Sea can be found at <http://www.aseansec.org/13163.htm>. ASEAN comprises 10 (continued...)

declared Secretary Clinton's comments to have been "in effect an attack on China," and warned the United States against making the South China Sea "an international issue or multilateral issue."⁷⁹ Tensions over the South China Sea have eased since her statement, with China agreeing to discuss the drafting of implementing guidelines for a code of conduct with ASEAN representatives.

East China Sea

In the East China Sea, China is involved in a territorial dispute with Japan and Taiwan over the sovereignty of islands known in China as the Diaoyu, in Taiwan as the Diaoyutai, and in Japan as the Senkakus. The islands are reportedly rich in fishing resources and oil and gas deposits. A September 2010 collision between Japanese Coast Guard vessels and a Chinese fishing trawler near the islands briefly raised the territorial dispute to the level of a major international crisis. It also forced the United States to clarify that while it does not take a position on the sovereignty of the islands, its security alliance with Japan covers all areas under Japanese administration, including the Diaoyu/Diaoyutai/Senkakus, raising the sobering, if remote, possibility of a future conflict between China and the United States over the islands.

In the September 2010 incident, China rapidly escalated pressure against Japan in order to force Japan to release the Chinese trawler captain. Many observers saw China's actions as disproportionate, and perhaps as a harbinger of how a more powerful China might seek to assert its will in the future. Most controversially, China was accused by Japan of imposing a temporary "de facto ban" on exports to Japan of rare earths needed for defense and green technologies. China denied that it had imposed such a ban.⁸⁰

Taiwan

The island democracy of Taiwan, also known as the Republic of China, remains one of the most sensitive and complex issues in bilateral U.S.-China relations, and the issue over which both sides most actively continue to plan for the possibility of future military confrontation. Beijing claims sovereignty over Taiwan, which has been self-governing since 1949, and vows to unite with it eventually, either peacefully or by force. Chinese leaders support these long-standing claims with a continuing build-up of over one thousand missiles deployed opposite Taiwan's coast and with a program of military modernization and training that defense experts believe is based on a "Taiwan scenario." (See "Chinese Military Modernization," above.)

In the 1972 Shanghai Communiqué that paved the way for the establishment of diplomatic relations between the United States and China, the United States declared that it "acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China." It also declared its "interest in a peaceful settlement of the Taiwan

(...continued)

Southeast Asian nations: Brunei, Cambodia, Indonesia, Lao, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam.

⁷⁹ Ministry of Foreign Affairs of the People's Republic of China, *Foreign Minister Yang Jiechi Refutes Fallacies on the South China Sea Issue*, Statement posted on website, July 25, 2010, <http://www.mfa.gov.cn/eng/zxxx/t719460.htm>.

⁸⁰ For more information on rare earths, see CRS Report R41347, *Rare Earth Elements: The Global Supply Chain*, by Marc Humphries.

question by the Chinese themselves.” In the 1979 Taiwan Relations Act (P.L. 96-8), Congress reinforced the U.S. interest in a peaceful settlement, stating that it is U.S. policy that the establishment of diplomatic relations with China “rests upon the expectation that the future of Taiwan will be determined by peaceful means” and that it is similarly U.S. policy “to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people of Taiwan.”

In the years since, the United States has played a delicate role in managing its relations with Beijing and Taipei, and the relations between the two. The United States has repeatedly assured China that it does not support independence for Taiwan, but it has retained ambiguity about its willingness to defend Taiwan in a conflict with China. That ambiguity is intended both to deter China from attempting to use force to bring Taiwan under its control, and to deter Taiwan from moves that might trigger China’s use of force, such as a declaration of formal independence. As part of a statement known as the “Three No’s,” President Clinton also publicly stated that the United States does not support Taiwan’s membership in any international organizations for which statehood is a requirement.⁸¹ Complicating U.S. policy is the fact that Taiwan has blossomed into a vibrant democracy. As Taiwan has sought to define its place in the world and expand its “international space,” the United States has faced difficult questions about its role in constraining the Taiwan people’s aspirations.

The Three Joint Communiqués and the Taiwan Relations Act

The governments of the United States and China consider three joint communiqués concluded in 1972, 1979, and 1982 to underpin their bilateral relationship. The United States considers The Taiwan Relations Act of 1979 to be a fourth core document guiding the relationship, although China does not. The documents and their key statements are listed below:

- **The Shanghai Communiqué (Joint Communiqué, of the United States of America and the People’s Republic of China), dated February 28, 1972.** The United States declared that it “acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China.” The United States also reaffirmed its “interest in a peaceful settlement of the Taiwan question by the Chinese themselves” and committed as an “ultimate objective” to withdrawing all U.S. forces and military installations from Taiwan.⁸²
- **Joint Communiqué on the Establishment of Diplomatic Relations between the United States of America and the People’s Republic of China, dated January 1, 1979.** The United States recognized the government of the People’s Republic of China as the sole legal government of China and, in that context, stated that “the people of the United States will maintain cultural, commercial, and other unofficial relations with the people of Taiwan.”
- **The August 17th Communiqué (Joint Communiqué of the United States of America and the People’s Republic of China), dated August 17, 1982.** The United States stated “that it does not seek to carry out a long-term policy of arms sales to Taiwan, that its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years ... and that it intends gradually to reduce its sale of arms to Taiwan, leading, over a period of time, to a final resolution.”
- **The Taiwan Relations Act (TRA), enacted April 10, 1979.** The TRA stated that it is U.S. policy “that the United States decision to establish diplomatic relations with the People’s Republic of China rests upon the expectation that the future of Taiwan will be determined by peaceful means.” The TRA also stated that it is U.S. policy “to consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to

⁸¹ President Clinton’s statement, made on June 30, 1998, in Shanghai, was: “I had a chance to reiterate our Taiwan policy which is that we don’t support independence for Taiwan, or ‘two Chinas’, or ‘one Taiwan, one China’, and we don’t believe that Taiwan should be a member in any organization for which statehood is a requirement.”

⁸² The United States withdrew all military personnel from Taiwan in 1979, during the Carter Administration.

the United States,” and “to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan.” The law stated that, “the United States will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability.”

Cross-Strait Relations

The United States has long urged China to try harder to win over hearts and minds in Taiwan, rather than threaten it with military force. It has welcomed the improvement of relations between the two sides since 2008, when Ma Ying-jeou of the Kuomintang (KMT) Party won election as president of Taiwan, ending eight years of rule by the independence-leaning Democratic Progressive Party (DPP). Under President Ma, long-stalled official talks with China reconvened in June 2008 in Beijing, resulting in groundbreaking agreements on direct charter flights, the opening of permanent offices in each other’s territories, and Chinese tourist travel to Taiwan, among others. Other rounds produced accords related to postal links, food safety, and Chinese investment in Taiwan.⁸³

In April 2009, in an indication of greater flexibility on both sides, the World Health Organization (WHO) invited Taiwan to attend the 2009 World Health Assembly (WHA) as an observer.⁸⁴ The invitation, issued with China’s assent, marked the first time that Taiwan had been permitted to participate in an activity of U.N. specialized agency since it lost its U.N. seat to China in 1971. Taiwan is now seeking observer status in a second international body long closed to it, the International Civil Aviation Organization.

Beijing and Taipei signed a landmark free trade arrangement, the Economic Cooperation Framework Agreement (ECFA), in June 2010, removing many remaining barriers to trade and investment across the Taiwan Strait and hastening cross-strait economic integration. That integration has raised fears among some in both Taiwan and the United States about a possible erosion of Taiwan’s autonomy. At the same time, it has increased the potential economic and human costs of cross-strait conflict for both sides.

U.S. Arms Sales to Taiwan

According to many experts, U.S. arms sales to Taiwan remain the single greatest contributor to Chinese mistrust of the United States. The PRC argues that U.S. arms sales embolden those in Taiwan who seek Taiwan’s formal independence—China calls them “separatist forces”—and that the arms sales are therefore destabilizing.⁸⁵ China also charges that continued U.S. arms sales

⁸³ The Taiwan and PRC governments conduct cross-strait talks through quasi-official organizations. In Taiwan, cross-strait talks are handled by the Straits Exchange Foundation (SEF), a private organization authorized by the government to handle these exchanges. The corresponding body in the PRC is the Association for Relations Across the Taiwan Strait (ARATS).

⁸⁴ Low, Y.F., “CNA: World Health Assembly’s Invitation Raises Taiwan’s International Profile,” *Taipei Central News Agency*, April 29, 2009.

⁸⁵ At a meeting in Singapore in June 2010, Ma Xiaotian, Deputy Chief of the General Staff of the Chinese military, stated, in a reference to Taiwan, that “China has yet to achieve national unification and there is still support for the separatist forces from outside the country.” Ma Xiaotian, “New Dimensions of Security,” Address to the 9th IISS Asian Security Summit, the Shangri-La Dialogue, Singapore, June 5, 2010, <http://www.iiss.org/conferences/the-shangri-la-dialogue/shangri-la-dialogue-2010/plenary-session-speeches/second-plenary-session/ma-xiaotian/>.

represent a betrayal of U.S. commitments under the August 17th Communiqué of 1982, in which the United States stated its intention “gradually to reduce its sale of arms to Taiwan, leading, over a period of time, to a final resolution.” Finally, Chinese scholars suggest that China increasingly feels that the United States owes China concessions on Taiwan arms sales in recognition of China’s economic might and China’s positive contributions on issues of importance to the United States, such as Iran.⁸⁶ The U.S. government argues that U.S. arms sales contribute to stability by giving Taiwan’s leaders the confidence to engage with China. The United States also cites its obligation under the Taiwan Relations Act (P.L. 96-8) to provide Taiwan with defense articles and services “in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability.”

In January 2010, after President Obama notified Congress of a \$6.4 billion package of arms sales originally announced at the end of the George W. Bush Administration, including Patriot PAC missiles and Blackhawk helicopters, Beijing denounced the move and suspended military-to-military relations with the United States in protest. (See “U.S.-China Military-to-Military Relations” above.) In May 2010, 136 Members of Congress wrote to President Obama urging him to go further and authorize the sale of modern F-16 fighter aircraft (F-16 C/Ds) to Taiwan.⁸⁷ China strenuously opposes the sale of F-16 C/Ds to Taiwan, arguing that they would represent a qualitative leap in arms sales to Taiwan and break the U.S. pledge in the August 17th Communiqué of 1982 not to sell arms sales to Taiwan that “exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years.”

For more information, see CRS Report R41263, *Democratic Reforms in Taiwan: Issues for Congress*, by Shirley A. Kan; CRS Report RL30341, *China/Taiwan: Evolution of the “One China” Policy—Key Statements from Washington, Beijing, and Taipei*, by Shirley A. Kan; and CRS Report RL30957, *Taiwan: Major U.S. Arms Sales Since 1990*, by Shirley A. Kan.

⁸⁶ Nina Hachigan and Yuan Peng, “The U.S.-China Expectations Gap: An Exchange,” *Survival*, vol. 52, no. 4 (2010).

⁸⁷ Wendell Minnick, “U.S. Congress Pushes F-16 Release For Taiwan,” *Defense News*, May 18, 2010.

Appendix A. Congressionally-Mandated Annual Reports Related to China

Table A-1. Selected Executive Branch Reports to Congress on China

Agency	Report Title	Contents	Authorizing Legislation
Department of Defense	Military and Security Developments Involving the People's Republic of China	Chinese military technological development; Chinese security strategy and military strategy; Chinese military organizations and operational concepts; U.S.-China engagement and cooperation on security matters	Section 1202, National Defense Authorization Act, FY 2000 (P.L. 106-65), as amended
Department of State	Report on Tibet Negotiations	Steps taken to encourage the PRC government to enter into a dialogue with the Dalai Lama or his representatives leading to a negotiated agreement on Tibet, and status of any such dialogue	Section 611, Foreign Relations Authorization Act, FY2003, "Tibetan Policy Act of 2002," (P.L. 107-228)
United States Trade Representative	China's WTO Compliance	China's compliance with commitments made in connection with its accession to the World Trade Organization	Sections 421 and 413(b)(2) of the U.S.-China Relations Act of 2000 (P.L. 106-286)

Table A-2. Selected Executive Branch Reports to Congress Related to China

Agency	Report Title	Contents	Authorizing Legislation
Central Intelligence Agency (submitted by the Deputy Director of National Intelligence for Analysis)	Unclassified Report to Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions	Acquisition by foreign countries of dual-use and other technology useful for the development of weapons of mass destruction and advanced conventional munitions	Section 721, Intelligence Authorization Act for FY1997 (P.L. 104-293)
Department of State	Country Reports on Human Rights Practices (China report includes separate section on Tibet. Hong Kong, and Macau have separate reports.)	Status of internationally recognized human rights as set forth in the Universal Declaration of Human Rights	Sections 116(d) and 502B(b) of the Foreign Assistance Act of 1961 (FAA) (P.L. 87-195), as amended, and section 504 of the Trade Act of 1974 (P.L. 93-618), as amended
Department of State	Country Reports on Terrorism (China report includes separate sections on Hong Kong and Macau)	Foreign government counter-terrorism cooperation	Section 140, Foreign Relations Authorization Act, FY1988-1989 (P.L. 100-204), as amended
Department of State	International Narcotics Control Strategy Report	Drug and chemical control, money laundering, and financial crimes	Section 489, Foreign Assistance Act of 1961 (FAA) (P.L. 87-195), as amended
Department of State	Annual Report on International Religious Freedom (Separate reports on Tibet, Hong Kong, and Macau are appended to the China report)	Supplements most recent human rights reports with detailed information on matters involving international religious freedom	Section 102(b), International Religious Freedom Act of 1998 (P.L. 105-292)
Department of State	Trafficking in Persons Report	Foreign government efforts to eliminate severe forms of trafficking in persons, such as forced labor and sex trafficking	Section 104, Victims of Trafficking and Violence Protection Act of 2000 (P.L. 106-386)

Agency	Report Title	Contents	Authorizing Legislation
Department of State	Voting Practices in the United Nations	Information on voting practices of all UN members. Lists each country's votes on "important issues" and provides statistics on coincidence of each country's votes with U.S. votes	Section 406, Foreign Relations Authorization Act for FY 1990-1991 (P.L. 101-246)
Department of Treasury	Report to Congress on International Economic and Exchange Rate Policies	International economic policy, including exchange rate policy	Section 3005, Omnibus Trade and Competitiveness Act of 1988 (P.L. 100-418)
United States Trade Representative	National Trade Estimate Report on Foreign Trade Barriers	Inventory of the most important foreign barriers affecting U.S. exports of goods and services, foreign direct investment by U.S. persons, and protection of intellectual property rights	Section 181, Trade Act of 1974 (P.L. 93-618), as amended
United States Trade Representative	Special 301 Report	Global review of the state of intellectual property rights protection and enforcement	Section 182, Trade Act of 1974 (P.L. 93-618), as amended

Table A-3. Selected Reports on China By Congressionally-Mandated Commissions

Commission	Report	Contents	Authorizing Legislation
Congressional-Executive Commission on the People's Republic of China	Annual Report	Human rights and rule of law in China	Section 302(g), U.S.-China Relations Act of 2000 (P.L. 106-286), as amended
U.S.-China Economic and Security Review Commission	Report to Congress	The national security implications of the U.S.-China bilateral trade and economic relationship	Section 1238(c), Floyd D. Spence National Defense Authorization Act for 2001 (P.L. 106-398), as amended

Appendix B. Legislation Related to China Introduced in the 111th Congress

Table B-1. Economic Legislation Related to China

Bill Number	Legislative Sponsor	Date of Major Action (Introduced and Sent to Relevant Committee or Passed)	Title/Description
H.Res. 44	Poe	Intr. January 9, 2009	Condemning the PRC for unacceptable business practices.
H.R. 471	Altmine	Intr. January 13, 2009	The Supporting America's Manufacturers Act.
H.R. 496	Rangel	Intr. January 14, 2009	Trade Enforcement Act of 2009.
H.R. 499	Davis	Intr. January 14, 2009	Nonmarket Economy Trade Remedy Act of 2009.
S.Res. 739/ H.R. 1977	Nelson/Wexler	Intr. March 30, 2009/April 2, 2009	Drywall Safety Act of 2009.
H.R. 2310/ S. 1616	Larsen/Cantwell	Intr. May 7, 2009/May 8, 2009	United States-China Market Engagement and Export Promotion Act.
S. 3134	Schumer	Intr. March 17, 2010	Currency Exchange Rate Oversight Reform Act of 2010.
S. 3240	Cornyn	Intr. April 21, 2010	Foreign-Held Debt Transparency and Threat Assessment Act.
H.R. 5312	Schauer	Intr. May 13, 2010	Reciprocal Government Procurement with China Creates American Jobs Act.
H.R. 5319	Johnson	Intr. May 18, 2010	Foreign-Held Debt Transparency and Threat Assessment Act.
S. 3505	Stabenow	Intr. June 17, 2010	China Fair Trade Act of 2010.
H.R. 6071	Sherman	Intr. July 30, 2010	Emergency China Trade Act of 2010.
H.R. 2378	Ryan	<i>Passed in the House, September 29, 2010</i>	Currency Reform for Fair Trade Act.

Table B-2. Human Rights Legislation Related to China

Bill Number	Legislative Sponsor	Date of Major Action (Introduced and Sent to Relevant Committee or Passed)	Title/Description
S.Res. 24	Casey	Intr. January 28, 2009	A resolution commending China's Charter 08 movement and related efforts for upholding the universality of human rights and advancing democratic reforms in China.
H.Res. 156	McCotter	Intr. February 11, 2009	Supporting Charter 08 and the ideals of the Charter 08 movement.
H.R. 1340	Miller	Intr. March 5, 2009	Tibetan Refugee Assistance Act of 2009.
H.Res. 226	Holt	Passed March 11, 2009	A resolution recognizing the plight of the Tibetan people and calling for a sustained multilateral effort to bring about a durable and peaceful solution to the Tibet issue.
H.R. 2271	Smith	Intr. May 6, 2009	Global Online Freedom Act.
S.Res. 155	Brown	Intr. May 21, 2009	A resolution expressing the sense of the Senate that the Government of the People's Republic of China should immediately cease engaging in acts of cultural, linguistic, and religious suppression directed against the Uyghur people.
S.Res. 171	Inhofe	Passed June 8, 2009	A resolution commending the people who have sacrificed their personal freedoms to bring about democratic change in the People's Republic of China and expressing sympathy for the families of the people who were killed, wounded, or imprisoned on the occasion of the 20 th anniversary of the Tiananmen Square Massacre in Beijing, China from June 3 through 4, 1989.
H.Res. 590	Wu	Intr. June 26, 2009	Expressing grave concerns about the sweeping censorship, privacy, and cyber-security implications of China's Green Dam filtering software, and urging U.S. high-tech companies to promote the Internet as a tool for transparency and freedom of expression.
H.Res. 624	Delahunt	Intr. July 10, 2009	Condemning all violent repression by the Government of the People's Republic of China of peaceful Uighur protests.
H.Con.Res. 151	Minnick	Passed in the House, October 1, 2009	Expressing the sense of Congress that China release democratic activist Liu Xiaobo from imprisonment.
H.Res. 877	Wu	Passed November 7, 2009	Expressing support for Chinese human rights activists Huang Qi and Tan Zuoren for engaging in peaceful expression as they seek answers and justice for the parents whose children were killed in the Sichuan earthquake of May 12, 2008.

Bill Number	Legislative Sponsor	Date of Major Action (Introduced and Sent to Relevant Committee or Passed)	Title/Description
H.Res. 953	McGovern	Intr. December 8, 2009	Expressing the sense of the House of Representatives that the Government of the People's Republic of China has violated internationally recognized human rights and legal due process standards by carrying out executions after trials marred by procedural abuses and by carrying out arbitrary detentions targeting Uyghurs and other individuals in Xinjiang in the aftermath of a suppressed demonstration and ensuing mob violence on July 5 to 7, 2009.
S.Res. 405	Kaufman	Passed February 2, 2010	A resolution reaffirming the centrality of freedom of expression and press freedom as cornerstones of United States foreign policy and United States efforts to promote individual rights, and for other purposes.
H.Res. 605	Ros-Lehtinen	Passed March 16, 2010.	Recognizing the continued persecution of Falun Gong practitioners in China on the 10 th anniversary of the Chinese Communist Party campaign to suppress the Falun Gong spiritual movement and calling for an immediate end to the campaign to persecute, intimidate, imprison, and torture Falun Gong practitioners.
H.Res. 1512	McCarthy	Intr. July 13, 2010	Commending Google Inc. and other companies for advocating for an uncensored Internet, adhering to free speech principles, and keeping the Internet open for users worldwide.
H.Res. 1650	Smith	Intr. September 22, 2010	Calling on the Government of the People's Republic of China to immediately release Chen Guangcheng and his relatives from house arrest and to cease persecuting and harassing Chen Guangcheng, his relatives, and supporters.
H.Res. 1717	Smith	Passed December 8, 2010	Congratulating imprisoned Chinese democracy advocate Liu Xiaobo on the award of the 2010 Nobel Peace Prize.

Table B-3. Environment/Energy Legislation Related to China

Bill Number	Legislative Sponsor	Date of Major Action (Introduced and Sent to Relevant Committee or Passed)	Title/Description
S.Res. 76	Cantwell	Intr. March 18, 2009	A resolution expressing the sense of the Senate that the United States and the People's Republic of China should work together to reduce or eliminate tariff and nontariff barriers to trade in clean energy and environmental goods and services.
S.Res. 77	Cantwell	Intr. March 18, 2009	A resolution expressing the sense of the Senate that the United States and the People's Republic of China should negotiate a bilateral agreement on clean energy cooperation.
H.R. 2312	Israel	Intr. May 7, 2009	United States-China Energy Cooperation Act.

Table B-4. Other Legislation Related to China

Bill Number	Legislative Sponsor	Date of Major Action (Introduced and Sent to Relevant Committee or Passed)	Title/Description
H.Con.Res. 72	Forbes	Intr. March 12, 2009	Condemning any action of the PRC that unnecessarily escalates bilateral tensions, including the incidents in the South China Sea against the <i>USNS Impeccable</i> in March 2009.
H.R. 2311	Kirk	Intr. May 7, 2009	United States-China Diplomatic Expansion Act of 2009.
H.R. 2313	Davis	Intr. May 7, 2009	U.S.-China Language Engagement Act.
H.Res. 509	Hastings	Intr. June 4, 2009	Encouraging the United States to fully participate in the Shanghai Expo in 2010.
S.Res. 217	Kerry	Intro. July 20, 2009	A resolution commending Captain Wei Jiafu and the China Ocean Shipping Company for increasing business relations between the United States and China.
H.Res. 784	Green	Passed October 28, 2009	Honoring the 2560 th anniversary of the birth of Confucius and recognizing his invaluable contributions to philosophy and social and political thought.
S.Res. 532	Kerry	Intr. May 17, 2010	A resolution recognizing Expo 2010 Shanghai, China and the USA Pavilion at the Expo.
H.Res. 1324	McMahon	Passed May 20, 2010	Expressing condolences and sympathies for the people of China following the tragic earthquake in the Qinghai province of the Peoples Republic of China on April 14, 2010.

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